

BUSINESS WEEK

YEAR
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WEEK
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British spokesman Lord Keynes. For a financial bridgehead in Washington

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DEX

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It is price that determines jobs

TO hear some people talk, you'd think we could legislate 60 million jobs. Nothing could be a more cruel trickery of the worker.

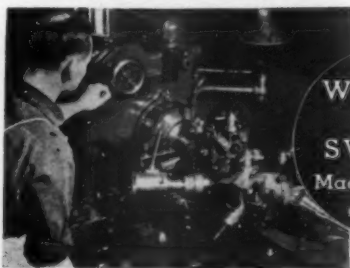
No matter what anyone tells you, no one can *force* a job; it can only be earned, and by the man or woman who fills it. And here is the only way in which that can be done:

The more you produce, *efficiently*, the lower its price. The lower its price, the more people who can and will buy it. The more people who buy it, the more secure your job and the more you are worth.

The true friends of labor are the workmen, labor leaders and management who unite to

reduce costs, not by reducing wage rates, but by increasing production per worker, by modern machines efficiently used. Fortunately for labor, some union leaders realize that clear truth, and are working toward that goal. The intelligent men among management stand ready to provide the modern machines. If workmen will use them well, costs will go down, wages and security will go up.

Why can't workmen, labor leaders and management face that simple, obvious arithmetic—why can't they *act* instead of talk and argue? There is no other way to prosperity, as all history proves. But it takes cooperation. *And* there isn't much time.



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In war or peace
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Marine Corps Photo

They licked jungle rot with a candy package

Koroseal is a typical example of B. F. Goodrich development

IN THE steaming heat of the Pacific jungle a toothbrush can rot away overnight, a razor rust away in a week.

Last Christmas B.F. Goodrich sent his men and women in service a gift box including candy wrapped in a Koroseal tobacco pouch and a fruit cake wrapped in a Koroseal bag. Koroseal is the new material developed by B.F. Goodrich just before the war for raincoats, food bags, shower curtains and other articles that needed to be permanently waterproof.

Soldiers knew their rifles had been protected against rust by Koroseal bags. So they saved the candy and cake wrappings for their toilet kits, binoculars, letters and other favorite possessions that were formerly ruined in no time by jungle rot. Letters coming in now say that these prized things are still safe, protected for months by the thin Koroseal film.

During its war job new qualities have been added to Koroseal so that when the war is over you'll find it in


shoe soles that wear four times as long as leather, work clothes that protect workmen against acid, luggage that's practically scuffproof, and a hundred other articles where Koroseal's unique qualities will give better service, longer life, more convenience for the user. Many manufacturers are discussing with us now the use of Koroseal in their postwar products. We'd be glad to plan with you, too. *The B.F. Goodrich Company, Akron, Ohio.*


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CAPITOL PUNISHMENT?

indications are that President Truman is considering the distasteful task of spanking Congress for not getting along with his proposals on which labor, particularly the C.I.O., wants prompt action.

Robert Hannegan, national Democratic chairman, and Secretary of Labor Louis B. Schwelienbach had a heart-to-heart talk with the President on Monday.

It's not hard to guess that Congress' failure to come through, and the consequent damage to the Administration's popular standing, was the unpleasant topic.

Asked to comment on the action of House Ways & Means Committee in shelving the emergency jobless pay bill, Truman informed a press conference Tuesday that the House would get from him later on the subject.

Congress Isn't Responding

C.I.O. has its hackles up and its spurs sharpened for Truman.

The demand: vigorous action by him in support of the proposals he has espoused. He's now on record on all congressional issues (BW—Sep. 15'45, p. 5). Recommendations are in line with what labor wants from Congress, but apparent that lip-service is not enough. Congress is not responding. Hangback-attitude was already plain before it was provoked by the spread of strikes.

A.F.L. is much less exercised about President's role. It continues to talk quietly on Capitol Hill.

Opposite measures from the labor standpoint are the full employment bill, unemployment compensation bill, the 65¢ minimum wage bill. All encountering tough opposition. The opposing side can hardly be described as forceful.

Philip Murray has already set the pace for the C.I.O.'s attitude toward President Truman. These three bills, told a New York state C.I.O. delegation in Washington last week, "are fettered by lack of any organized effort by the Administration or its supporters inside or outside of Congress."

A.F.L. Conserves Its Fire

The A.F.L. has de-emphasized its position on the unemployment compensation bill. It never was as strong as it is as the C.I.O. And some officials of the A.F.L. regard it as more of a C.I.O. project. President William Howard Taft loudly denounced the Ways &

Means Committee vote to postpone action indefinitely on unemployment compensation, but his statement was issued only after considerable hesitation.

This does not mean that the A.F.L. is lukewarm toward more liberal unemployment benefits, but it has taken the realistic view that its efforts should be conserved for, and its demands concentrated on, measures that have a genuine chance of enactment. It feels that way about the full employment bill and the 65¢ minimum wage bill.

How Labor Bills Have Fared

The status of the labor-backed legislation in a nutshell is this:

Unemployment compensation—The Ways & Means Committee formally pigeonholed it indefinitely after the Senate had cut out the provision for federal supplementary payments and agreed only to guarantee a maximum of 26 weeks' benefits at the rates established by the states.

Full employment—The Senate took it up this week after the Banking Committee made a couple of changes which may or may not be regarded as significant. The basic statement of policy in the bill was revised to read that all Americans able and willing "are entitled to an opportunity" to work, instead of "have the right" to an opportunity. The bill has a hard road to travel.

Increased minimum wage—Hearings began this week before the Senate Labor Committee. It looks like the 1938 (40¢) fight all over again.

Social security expansion and health insurance—Nothing has been done except by way of informal investigation and research.

Housing—Something likely, but nothing done yet.

Fair employment practices bill—Nothing done and nothing likely in the foreseeable future.

General wage increase—The National War Labor Board, dying on the vine, is beyond the point where it can help labor substantially. The Little Steel formula is out, but union demands are temporarily stymied by the Administration's policy of binding wage boosts to price control—and labor wants price control retained.

WAGE-PRICE FACTUALITY

With a wave of strikes engulfing the Administration's tenuous wage policy, the prediction is freely heard in Na-

tional War Labor Board precincts that failure will follow the attempt to hold wage boosts below a figure requiring an increase in price ceilings. Officials who have to evaluate the criteria for granting such boosts throw up their hands in the face of the complexities involved.

The practical fact is that, under pressure, Reconversion Director John W. Snyder will approve wage boosts without any real knowledge of their effect on prices. That's not serious in itself since price increases can follow, but, to the extent that labor wins wage boosts at the expense of production—i.e., through strikes and shutdowns—the Administration's hope that the inflationary push will be checked by an ample supply of goods will be just that much more remote.

CREDIT RULES STAY

Exemption of credits for home repairs and improvements from Regulation W—which formerly required payment for such credits within 18 months—is as far as liberalization of consumer credit restrictions will go until a better supply of goods, particularly consumer durables, reaches retail channels. The Federal Reserve Board is making the change as of Oct. 15.

FARM VALUES VS. LOANS

The runaway market in farm prices is causing serious headshaking around Washington these days, and among the uneasy observers is Secretary of Agriculture Clinton P. Anderson.

One bright spot is that agricultural loans now comprise only 2% of all bank loans. In the event that farm values do drop sharply, that is hardly enough to touch off a vicious circle of loan-calling, resulting in still lower farm values, followed by even more loan-calling.

That's what happened after the first World War, when agricultural loans comprised an estimated 15% of all bank loans.

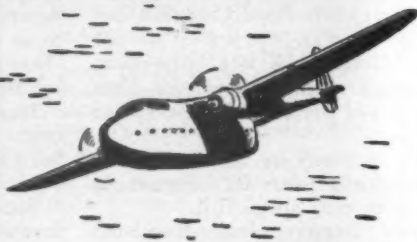
CORN FOR DISTILLERS

Distillers won a token victory this week when Secretary of Agriculture Clinton P. Anderson agreed to let them use 750,000 bu. of corn to make bourbon in October.

Even since the end of the war re-



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ed them from the necessity of devoting their facilities 100% to industrial use, the distillers have been fighting the government for larger grain payments. They got their original 1,000 bu. a month raised to 3,000, no corn included—and now they finally been given a share of the record corn crop (BW—Sep. 15 '43,

however, in the light of their war-torn inventories and of the fact corn comprised two-thirds of all they consumed before the war, distillers are not impressed with government's munificence.

RTIFIED" JOB HUNTERS

WPB offers you an office manager, executive, government analyst, team of statisticians—and you need kind of manpower—you will probably be getting pretty good men. Industry personnel committee recently set up by the fast-liquidating war to place some 1,500 in outside won't beat any drum unless the cant has real ability. Committee membership is made up largely of right businessmen, and they know just a few lemons would be enough to ruin the chances for everybody.

FOR WILDCATTERS

Flat royalty of 12 1/2% seems to be right for wildcat oil production on the lands. Royalty rates to the government under the existing oil leasing range from 12 1/2% to 32%.

Senate public lands subcommittee must return to Washington after hearings in the West (BW—Sep. 15 '45), convinced that Congress should encourage wildcat drillers by substituting a flat minimum for the present sliding scale. The flat rate would apply to wildcat discoveries but not to proved

subcommittee members assured the Mountain oil men that this provision would be written into the O'Malley-Hatch bill revising the oil leasing and that the bill would be enacted later than Jan. 1.

WINDFALL

As expected, President Truman proclaims that the government now requires the use of most emergency facilities built with private capi-

tal, industry will garner a nice tax windfall. The reason is that most companies will be able to write off their war-expanded facilities in three years, two years quicker than originally planned.

The second revenue act of 1940 provided for a five-year amortization of such facilities; but it also provided that this period would be shortened by the date of a presidential proclamation declaring this particular phase of the national emergency at an end. Most privately financed expansion was completed in 1942.

A few industrial concerns, particularly railroads, would like Truman to defer action because they are not entirely finished with their expansion and could use the additional facilities in peacetime.

JOB RIGHTS DEFINED

Selective Service Director Lewis B. Hershey is standing pat on his "super-seniority" interpretation of veterans' re-employment rights. Gen. Hershey's new guide on veterans' assistance that went to draft boards last week end did not mention union protests as such, but said the law covered the relationship between employer and veterans, and was not concerned with "third parties."

The law provides that a veteran who meets eligibility requirements must be restored to his former position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make this impossible or unreasonable.

Hershey says the unreasonableness, if any, refers strictly to the employer's

A Bomb Drops on Washington

Washington is really beginning to get some idea of what was let loose when we unlocked the atom. The general public will soon be in on it.

For the scientists who worked on the A-bomb are talking.

They are revealing none of the technical mysteries to which the Army is pinning so confident a faith in our military future. But the first thing they are saying is that there are no secrets that can possibly be kept.

They hold that the government has already made public the broad outline of discovery and methods that led to successful atom-splitting, that the rest is "scientific and engineering details." They disagree utterly with high Army contentions that other nations cannot find the resources and skills to duplicate our achievement within a few years.

"They" means a large group of scientific workers at the Oak Ridge, Tenn., Hanford, Wash., and Los Alamos, N. Mex., bomb-project centers. Thirty-one of them have signed a statement which says that the only thing we dare do with their product is to place it under the control of an international authority.

They claim that they are backed by most of their colleagues and that, if the scientific "big names" are not openly in the alignment, that is because these men must observe the protocol of their official relationships

with the government and the Army.

These scientists base their position on such points as these:

That they see no hope of a specific defense against this bomb which will soon be available to every industrial nation;

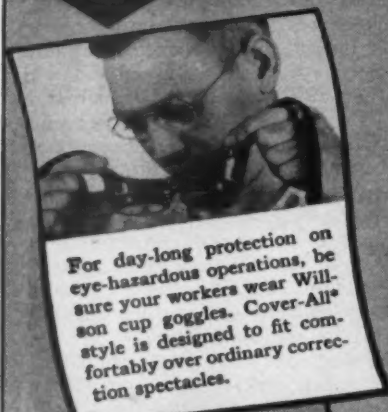
That any nation producing the minimum number of bombs needed to destroy our key cities and willing to use them without warning (long-range atomic rockets are taken for granted) can knock us out—no matter if our stock of bombs is larger or technically better;

That, therefore, our industrial superiority that won World War II will go for naught in World War III;

That to a world authority with police powers to prevent military exploitation of atomic energy everywhere—and the far-reaching loss of national sovereignty which that involves—we have only the alternatives of (1) living in fear of massacre, ready to abandon our cities and go underground, or (2) world-conquest by the bomb today and subjection of the rest of the world forever.

The scientists who are backing this position—regardless of black looks from the Army—are now taking steps to impress it on Congress and the public through civic leaders, government officials, newspaper and radio men. But they say the decisive step has already been taken—on Aug. 5, at Hiroshima

Eyes Are Safe Behind WILLSON Cup Goggles



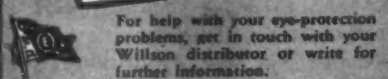
For day-long protection on eye-hazardous operations, be sure your workers wear Willson cup goggles. Cover-All® style is designed to fit comfortably over ordinary correction spectacles.



Outstanding comfort features make these goggles popular to wear. Direct ventilation prevents lens fogging. Transparent eye cups assure unobstructed vision, accurately fit facial contours.



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circumstances and "the consequences to third parties are not involved," except that "the status of a veteran who has been restored to his former position may be disturbed by the reinstatement rights of other veterans who, before leaving for entry into the armed forces, had been placed in the same job assignment prior to the time at which the veteran already restored had been placed in it."

MORE OCEAN FLIGHTS

The State Dept. is preparing to discuss with the British a program to increase the frequency of transatlantic flights from New York to London. The four authorized flights per week may be doubled. This may result in one-way fares between the two points as low as \$200.

Pan American has had long-established routes to Foynes, Ireland, and is scheduled to fly the New York-London service next month. American and TWA have also been granted Civil Aeronautics Board certificates for transatlantic service and have completed test flights over the routes (page 48). Speedy new equipment is on order.

CAPITAL GAINS (AND LOSSES)

At the request of Attorney General Tom Clark, the FBI is checking the "efficiency" of the various bureaus of the Dept. of Justice, of which it is a part.

Reconversion Director John W. Snyder's first quarterly report to Congress on Oct. 1 will strike an optimistic note on reconversion. On what basis remains to be seen, especially since the report will be confined largely to immediate problems.

Federal Judge Sherman L. Minton, old friend and former colleague of President Truman in the Senate, appears to be Paul McNutt's most likely successor as Federal Security Administrator.

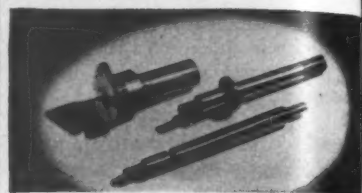
—Business Week's
Washington Bureau

THE COVER

Dr. John Maynard Keynes won fame after the first World War for his bold criticism of the peace plans, which he outlined in a book, *Economic Consequences of the Peace*. Now, as Lord Keynes, he heads the British delegation which, in Washington, is working on a U. S.-British economic agreement (page 15) that is expected to become—at an international commercial policy conference some time next year—the basis for a United Nations economic program.

PRECISION PARTS

FOR THE LONG GRIND AHEAD
IT'S EXPERIENCE THAT COUNTS



... intricate brasing-jobs made easy

When the last Jap lays down his gun, American industry will begin settling back to competitive production. No longer will it be production for production's sake. The business will go to those manufacturers who have learned a faster, better way of doing things, and who can apply their war-time lessons to the peace-time years ahead.

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THE OUTLOOK

BUSINESS WEEK

SEPT. 29, 1945



Shelving of the liberalized unemployment compensation bill by the House Ways & Means Committee can't be counted on to frighten labor unions.

The move, obviously, shows the committee majority's irritation over the present strike situation. But it is more likely to anger militant labor groups—to cause spot flare-ups—than to quiet them.

The unions' position would be stronger with congressional backing, but they place their main reliance on the support of the executive branch.

Enough workers were out on strike the middle of this week to cost American industry 8,000,000 man-days on a monthly basis. This, if continued, would top even the strike totals of turbulent 1936 and 1937 by a rather wide margin.

And remember, these aren't big strikes like those threatened in autos, steel, coal—rather an accumulation of medium-sized and small ones.

The real tests, in big industries, are set for October and November.

The outlook for reconversion now depends, more than anything else, on whether this becomes a real slugging match between management and labor.

Government can't stop it. Its war powers no longer mean much: The only chance is to keep a semblance of order through conciliation.

And management is hemmed in on all sides. The crying need is to get going in order (1) to give large-scale employment for lasting prosperity, and (2) to pluck the richest consumer harvest of all time.

To do this, industry would be willing to make wage concessions.

But the wage-price pinch is brutal. Ceilings aren't just a bargaining weapon to be used by management; they are a positive curb on pay.

Then, too, even if prices could be raised, there is the ever-present specter of consumer resistance that might ruin the market.

The wonder of today's business situation is the speed with which reconversion has gone forward, the extent to which jobs have been provided.

Cutbacks after Japan's surrender were prompter and deeper than expected. But, by now, it is becoming increasingly clear that layoffs and unemployment by no means kept pace.

Employers' reports that jobs are going begging aren't pipedreams. This is true in many parts of the country.

Add all this up and it is possible that unemployment at the turn of the year won't be more than 4,000,000 to 4,500,000. This contrasts with earlier predictions by competent authorities of 6,000,000 or more.

Cutbacks on munitions contracts were so deep right after the war's end that most of the readjustment has now taken place.

The great bulk of the layoffs, in fact, came in August. They were 1,800,000 in the week ended Aug. 24, 300,000 in the Aug. 31 period, 270,000 more to Sept. 7, and only 130,000 in the week ended Sept. 14.

This adds up to 2,500,000. But that is a gross, not a net, figure.

A striking proportion of these workers got new jobs almost at once; a few probably dropped out of the labor force. Thus all unemployment compensation claims (new claims just filed, those being acted upon, and the ones on which payments are being made) represented only 1,200,000 workers at the end of the first week of September.

Going by the best government figures, and making the projections that

THE OUTLOOK (Continued)

BUSINESS WEEK
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the situation seems to warrant, it is a pretty good guess that unemployment was only 2,500,000 on Sept. 8 and that it hasn't risen much since.

Reconversion unemployment of 2,500,000 would seem to dwarf the figure of 325,000 to 350,000 reconversion strikers. But that is unrealistic.

A few hundred men walk out at a parts supplier and 50,000 are laid off on the Ford production line. A few elevator operators strike and New York City's garment industry is paralyzed. Petroleum refinery hands stop work, and buses and private autos can't haul other workers.

This fanning out of strike effects will grow increasingly serious if as many as 300,000 workers stay out for any length of time.

Unemployment at 2,500,000, on the other hand, may prove to be no more than the normal total of people changing and resting between jobs.

Inability of employers to hire workers at a time of rising unemployment may seem illogical, but it's as simple as A, B, C.

Most of the laid-off workers come from the war plants which paid the highest wages—upwards of \$1 an hour. Most of the available jobs pay less than 75¢. (War Manpower Commission lists 700,000 openings of which 60% offer less than 75¢ an hour and 100,000 less than 60¢.)

Gradually the better paying jobs will attract laid-off workers of the greatest skills and, in turn, inefficient hands will be bumped. These latter will, on their part, drift down to the 60¢ and 50¢ levels.

This is mainly a matter of shaking down the wartime labor market. If workers take a little time off, on compensation, while shopping for the best job that is likely to become available, that is no more than natural.

All this, too, underlies the relative stringency of the labor market which permits union leaders to play their cards for all they are worth.

It may be three to six months before we find out whether our gains over schedule in reconversion and re-employment are as great as they seem.

If reconversion is actually making so many jobs (and if labor trouble doesn't disrupt things), then we shall continue to go ahead of schedule at an accelerating rate. Estimates of 8,000,000 or 9,000,000 unemployed at next spring's peak would be way high. Even Business Week's consistently optimistic appraisal of output and earnings would prove conservative.

On the other hand, some of our gain may be borrowing from the future:

(1) Purchasing agents are reaching for raw materials because they believe wage increases will boost prices. This makes employment now, but it could backfire if industry turns up overstocked around New Year's.

(2) More men than are needed may be on factory payrolls to inventory goods on terminated war contracts and to clear plant floors. In that case, proportionately fewer would need to be hired for production later.

Demobilization of the armed services will put industry's ability to provide jobs to the acid test from now on.

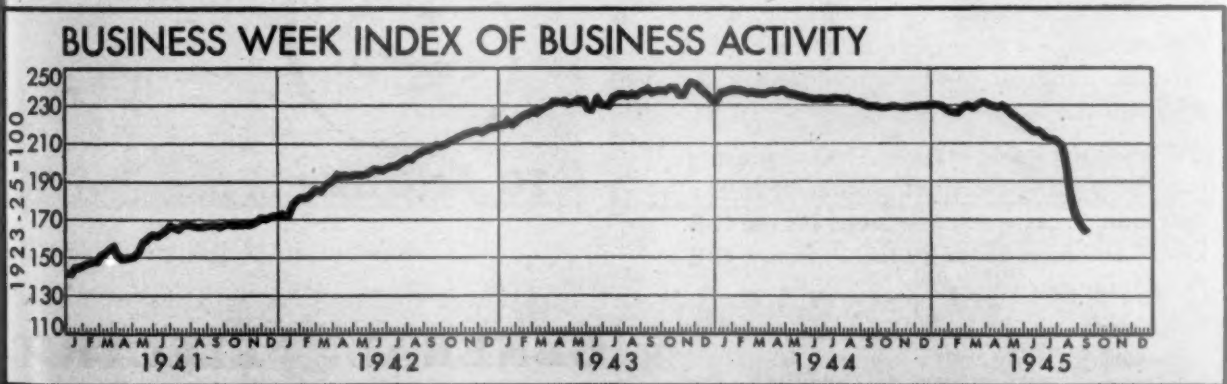
President Truman's statement this week that the Army will be cut to 1,950,000 by the middle of next year once again advances the timetable. The big rush will come after the year end; more than 4,500,000 will be mustered out in the first half of 1946.

Seniority and superseniority now are problems, not words.

FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below).	*164.0	†166.5	183.6	232.7	230.9
PRODUCTION					
Steel Ingot Operations (% of capacity).....	83.6	83.2	74.5	96.6	95.1
Production of Automobiles and Trucks.....	10,570	†12,910	14,880	20,480	20,880
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$10,224	\$7,897	\$5,983	\$5,980	\$5,127
Electric Power Output (million kilowatt-hours).....	4,019	4,106	4,116	4,402	4,377
Crude Oil (daily average, 1,000 bbls.).....	4,528	4,538	4,892	4,782	4,744
Bituminous Coal (daily average, 1,000 tons).....	2,029	†1,975	1,361	1,988	1,949
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	78	†78	78	86	86
All Other Carloadings (daily average, 1,000 cars).....	65	†65	64	50	63
Money in Circulation (Wednesday series, millions).....	\$27,777	\$27,793	\$27,506	\$25,836	\$23,558
Department Store Sales (change from same week of preceding year).....	+8%	-1%	-16%	+24%	+9%
Business Failures (Dun & Bradstreet, number).....	23	7	16	14	24
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	258.2	255.9	254.2	255.2	250.5
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	168.0	168.1	168.0	166.4	165.7
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	227.0	225.3	224.6	226.7	223.5
†Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
†Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$17.00
†Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
†Wheat (Kansas City, bu.).....	\$1.63	\$1.62	\$1.59	\$1.67	\$1.55
†Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.75¢
Cotton (middling, ten designated markets, lb.).....	22.46¢	22.56¢	22.28¢	21.73¢	21.47¢
†Wool Tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.323
†Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
FINANCE					
90 Stocks, Price Index (Standard & Poor's Corp.).....	126.6	125.3	120.3	107.9	100.8
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.24%	3.25%	3.27%	3.38%	3.56%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.63%	2.62%	2.62%	2.60%	2.72%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	½%	½%	½%	½%	½%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	39,017	38,671	37,587	37,585	35,522
Total Loans and Investments, reporting member banks.....	61,584	61,842	62,680	58,071	54,766
Commercial and Agricultural Loans, reporting member banks.....	6,124	6,095	5,948	6,155	6,055
Securities Loans, reporting member banks.....	3,997	3,963	4,326	2,754	2,452
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	45,473	45,823	46,458	43,774	40,860
Other Securities Held, reporting member banks.....	3,347	3,336	3,334	3,013	2,960
Excess Reserves, all member banks (Wednesday series).....	1,020	950	1,050	1,067	864
Total Federal Reserve Credit Outstanding (Wednesday series).....	23,707	23,677	23,142	20,173	17,237

† Preliminary, week ended September 22nd. ‡ Revised. § Ceiling fixed by government. ¶ Date for "Latest Week" on each series on request.





THE CUSTOMER



WHO WENT FROM

'Twas a hot, sticky summer day . . . and that "Air Conditioned" sign looked mighty inviting. So he marched right in . . .

And he marched right out again . . . but fast! Br-r-rh! . . . that store was drafty and chilly! The air smelt stale, the merchandise looked limp and soiled. The employees looked grim.

He tried another store down the street . . . and ah! . . . *here* everything was different. The air was *comfortably* cool, fresh and clear. No dampness, no drafts, no odors. And service with great big SMILES.

Both signs said "Air Conditioning." But the second store had **GOOD** air conditioning. Cooling, dehumidification, circulation, ventilation, filtering—summer air conditioning's *five fundamentals*—it had them all, planned and balanced just right. And provided by reliable, efficient equipment.

That's the kind of Summer Air Conditioning people are going to expect postwar. It costs a *little* more . . . is worth a *lot* more. It's the G-E kind. Learn more about it *now* . . . from a G-E Distributor near you.

BUY . . . and hold . . . WAR BONDS

General Electric Company, Air Conditioning Department, Section 5869, Bloomfield, New Jersey.



**ONE AIR CONDITIONED
STORE**



TO ANOTHER . . .

GENERAL  ELECTRIC
Air Conditioning

U. S. and Britain Find Way?

World trade policy may be set by a miniature (and preliminary) Bretton Woods plan evolved to meet credit needs of London. Door would be open for similar deals with other nations.

Details may not be revealed for some time, but it is certain now that the U. S.-British financial talks in Washington are going to produce a working arrangement which will go a long way toward clearing up Britain's financial troubles and which, at the same time, assures that the Empire will be opened to U. S. trade.

Long-Term Credit—As matters shape up now, the British mission, headed by Lord Keynes (cover), will take back to England the details of a long-term, worldwide credit arrangement which is expected to meet London's immediate needs and at the same time to leave the door open for similar deals with other nations in need of credit.

Visible credit demands from potential borrowers—Britain, the Soviet Union, China, and a host of smaller countries—have been estimated in most quarters at about \$15,000,000,000. Obviously, even the United States would find itself hard pressed to fill this demand, since it would also precede and supplement heavy financial commit-

ments under the Bretton Woods plan.

• **In Miniature**—Apparently Washington has devised a new plan to avoid these enormous individual rehabilitation credits. As reported now, it would call for the creation of a miniature Bretton Woods, financed entirely by the U. S., and set up at once to help prepare the way for the real Bretton Woods.

Advantage to the U. S., according to present reports, is that this new scheme could be handled out of a dollar fund of not more than \$5,000,000,000, instead of the \$15,000,000,000 that seemed necessary under earlier plans to handle country loans individually.

• **Practical Test**—In addition, the Bretton Woods pattern would be put to a practical test by operating the U. S.-sponsored miniature scheme along similar lines: Britain—as well as other potential borrowers—would be allowed to draw on this credit whenever their own resources fell below their dollar obligations.

With full control of this pre-Bretton Woods arrangement reposing in this

country, Washington would have the right to sift all transactions to see that credits are in no cases being used by foreign currency speculators to make a killing in dollars.

• **Needed Assurance**—Whether or not specific details, when revealed, follow this exact pattern, the assurance that an international working agreement of this scope has all but been concluded comes at a time when it is badly needed.

There can no longer be any doubt that the first meeting of the Council of Foreign Ministers, at London, is ending in almost complete failure (page 111). Though the council will inevitably reconvene after the individual foreign ministers have returned home for new instructions, world confidence in the ability of the United Nations to write a sound and workable peace plan is momentarily at low ebb.

• **Contribution to Confidence**—The fact that the U. S.-British plan, though negotiated only on a two-country basis, is framed from the first along lines which make it applicable to all the United Nations will help to revive confidence.

The fact that it is the product solely of U. S.-British planning may also help to restore the prestige of these two countries. Whatever criticism can be fairly leveled at Russia's tactics at the London conference, there is little question anywhere that Moscow came to the



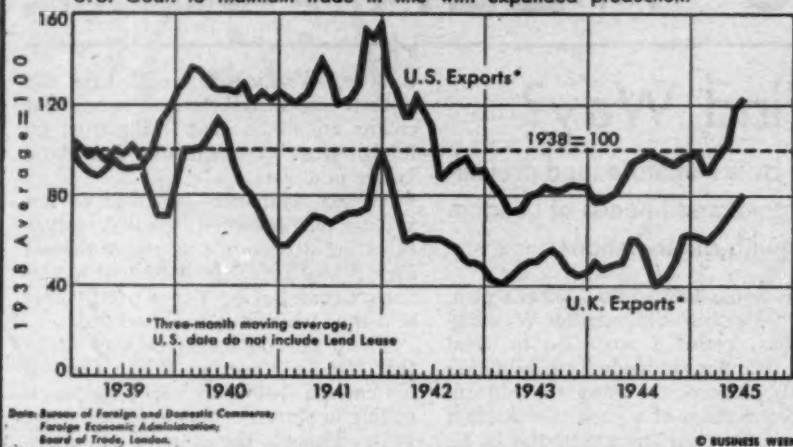
MILESTONE IN THE RUBBER INDUSTRY

Against a background of San Francisco's Bay Bridge, a shipment of natural rubber from Mindanao in the Philippines is unloaded (left) from the S. S. Thomas Nelson. In its hold (right) the ship carried about 50 tons of the long-awaited cargo. Goodyear Pathfinder plantation gath-

ered the rubber under Japanese noses, hid it in the hills until MacArthur reoccupied the islands. This—a drop in the practically empty industrial bucket—will be followed by much heavier shipments from Malaya, where Allied forces found 8,000 tons when they took over Singapore. Great Britain is counting heavily on rubber sales to this country to earn the dollars it so urgently needs.

RACE FOR EXPORT MARKETS BEGINS

Britain's Goal: to boost exports 100% (by value) above 1938 levels.
U.S. Goal: to maintain trade in line with expanded production.



meeting far better prepared with specific plans and the necessary supporting facts than either Washington or London.

Deft handling of public relations will be required in the presentation to the British and American public of whatever agreement is reached at Washington. Reaction was sharp in England to the cancellation of lend-lease, and irritation was apparent in the U. S. over the little-understood British attitude. Success now means much to the Labor government at home, but it will take more explanation in the U. S. to satisfy all quarters than would a similar deal with the Churchill government.

• **London's Predicament**—Agreement with the U. S. on a financial plan of operation does not solve many of England's basic problems.

London has marshalled the facts about its economic predicament clearly and, in most cases, with no more bias than must be expected.

The British face two separate problems—one short-term, and one long-term.

In the immediate future, Britain must buy the food for home consumption which, since the war, has largely been provided by lend-lease.

• **Materials Needed**—In addition, if industry is quickly to be reconverted to the fullest peacetime operation, London needs to place large orders abroad for two types of materials:

(1) A good deal of heavy machinery is needed to replace what was destroyed by bombing or to modernize many key plants which the British themselves bitterly condemn as obsolete. Much of this equipment can most advantageously be bought in the U. S., if some means can be found to finance the purchases.

(2) Large quantities of raw materials

will be needed to feed industries returning to civilian production. These purchases—with the important exception of tobacco (page 111)—can be made largely within the Empire or in countries where the British pound is the most readily available foreign currency.

• **As the British See It**—London authorities generally agree that \$2,000,000,000 of dollar exchange is the minimum on which Britain can squeak through the next two years. By the end of that time, London admits, the emergency should have passed, but according to Lord Keynes' group, another \$4,000,000,000 is likely to be needed if Britain is to put her finances in sound shape. Presumably much of this might be spread over the next five to ten years.

On a long-term basis, however, Britain faces a quite different task—one which would be difficult in any country whether or not it had just been at war.

• **Coal's Significance**—Britain has in the home islands only one raw material in abundance: coal. This is the commodity on which Britain first pushed itself to world commercial leadership. Even when coal gave way to oil as ships' fuel, it continued in most year to provide 40% of the country's exports.

Utilized at home as cheap fuel, coal helped provide the economic basis for Britain's vast textile industry, and for the small—but long-dominant—iron and steel industry.

Today, by the claims of Britain's own experts, all of these key industries are dangerously obsolete.

• **At Half the Cost**—A coal mining survey has disclosed that the U. S., where wages are double the British, can produce coal (utilizing ultramodern machines) at half the British cost per ton.

British cotton textile experts, after surveying U. S. mills, have told their own industry that a large proportion of

its machines are completely out of date. Until this is remedied, Britain can have little hope of regaining big markets for cotton goods abroad.

But Britain believes that, if the job is tackled boldly, both the woolen and cotton textile business can be restored to the position of world leadership recently achieved by British rayons.

• **Bold Plans for Steel**—The steel industry, threatened even before the war with government intervention if it failed to modernize, has already drawn up bold plans of action. But, with little more than 15,000,000 tons of steel-making capacity compared with more than 95,000,000 in the U. S. and a potential 60,000,000 in Russia in the near future, it must readjust itself to specialized rather than mass output.

Demands for international readjustment are fully as great as in the domestic field.

• **Debt Accumulation**—Among London's problems is the question of foreign debts accumulated during the war. These amount to nearly £4,000,000,000 (\$16,000,000,000), with about £1,500,000,000 (\$6,000,000,000) owed to India.

Washington is apparently asking that London demand a writedown of some of these wartime obligations as a part of the colonial and Dominion contribution to the war. If at the same time, London would foster a large-scale industrialization program for such areas as India, Washington could be expected to help underwrite it if allowed a share of the market. Since the Indians themselves are demanding some such scheme, London probably cannot postpone a move in that direction much longer.

• **Questions for U. S.**—To these basic problems, Lord Keynes and his delegation may have added some on which the responsibility for action rest with the U. S.

How far, for instance, is the U. S. prepared to go with the long-discussed national stockpiling program? If it were undertaken on a big scale—and if it included, for instance, bauxite, manganese, chrome, and copra—Empire countries would be big beneficiaries.

And what plan of helping China to industrialize does the U. S. plan to sponsor? If it is vast, there should be a share in it for British manufacturers and technicians.

• **Far-Reaching**—The present U. S.-British negotiations in Washington will determine the pattern of world trade over at least the next five years. They will, in fact, foreshadow all that can be expected from the United Nations commercial policy conference when it meets next June. This is why the forecasts of success at the Washington conferences is so encouraging.

Auto Union Tests a Formula

Proposal to waive overtime premiums in return for 30% pay boost and annual guarantee is tried out on parts companies. Management, labor, and conciliators continue sparring.

Detroit marked time this week on its trouble-beset labor front while management and union officials discussed strategy and went through preliminaries which will lead either to protracted strikes or a considerably higher pay rate in the auto industry.

• **Two Major Developments**—There were two developments of significance. One was an improved possibility for settlement of the month-old Kelsey-Hayes Wheel Co. strike, which paralyzed production at Ford Motor Co., user of Kelsey wheels and brakedrums.

The other was the introduction of a new formula by the C.I.O. United Auto Workers Union designed to offset management objections to the 30% pay increase sought by the union.

• **Government Takes a Hand**—Michigan and U. S. Dept. of Labor officials intervened in the Kelsey-Hayes tie-up, which touched off the present wave of labor unrest at Detroit.

More important, the Frankenstein-Addes faction in the auto union went into intensive action to end the strike. These moves were made in an effort to salvage the chances of Richard T. Frankenstein, union vice-president, for election in the November Detroit mayoralty race. It was conceded that his prospects

for victory were waning with each day the strike continued.

• **May Abandon Stewards**—George F. Addes, union secretary, and Frankenstein may wash their hands of the three discharged shop stewards, adherents of their bloc in the auto union, who are the central figures in the Kelsey-Hayes strike. If they do, a settlement of the walkout may come quickly.

All three stewards have long records of discharges (for fomenting plant trouble) and subsequent rehiring. Earlier this year, the National War Labor Board upheld their discharge. Although a majority of the Kelsey workers line up behind the right-wing Reuther faction in the auto union, they stood behind their discharged fellow-workers and joined the strike, if unwillingly.

• **Kelsey-Hayes Supported**—It was fairly evident why Kelsey-Hayes decided this time not to reinstate the three stewards, even though they had rehired them after many similar occurrences in the past. Conditions being what they are, Kelsey-Hayes has few worries over possible loss of business due to inability to deliver parts to Ford and other customers.

All competitive makers of wheels and brakedrums are so bound down by pres-

sure for deliveries to their own customers that they are unable to take on more commitments. Accordingly, whether involuntarily or not, the auto companies are backing up Kelsey's determined stand by not shifting their orders.

• **Pay Formula Offered**—In other auto parts plants, meanwhile, the auto union was introducing a new formula designed to reach its 30% pay rise objective. Two companies have agreed to discuss the new proposal with the union.

This formula calls for a 30% pay rise immediately to all workers. In return, the union will waive overtime pay premiums for all work done above 40 hours a week during peak periods. One more factor in the deal, made necessary by waiving the overtime, is a guarantee of 2,080 hours of work during the year for all employees of five years' seniority.

• **The Pros and Cons**—From the company standpoint, any such deal would give them a much firmer basis on which to figure costs, because all labor costs would be at straight rates.

From the union standpoint, officials are confident that the members would waive premiums in return for the pay boost and—for many workers—the guaranteed employment.

As to the Wage-Hour Act, work up to twelve hours a day or 56 a week is permissible without overtime pay if an acceptable plan of annual employment is in effect.

The union does not figure that this kind of program would be immediately welcomed by the major auto companies. But it does believe that if it can sell the idea to the parts makers in the next year



JAPANESE TRANSPORT JAM

Gutted buses in Tokyo (left), wrecked trains in a Yokohama station (right) attest the devastation sowed by U. S. fire bombs on Japan's vital transport systems. Japan's public carriers, like those in U. S. wartime industrial areas, were overworked, were all-important in keeping labor and

materials flowing to plants producing for war. First on the target list during the war, the transport systems now are uppermost on the rehabilitation agenda because the Allied control authorities insist that Japan produce its own basic needs, provide employment for 70,000,000 persons in the home islands, establish a self-sustaining—although carefully controlled—economy.

or so, it will gradually become acceptable to G.M., Ford, Chrysler, and the others.

- **Conferences Begin**—The first discussions among the passenger car manufacturers on the U.A.W. pay demand also got started this week.

Unionists sat down with Chrysler

Corp., but no immediate developments were noted. Simultaneously, the auto union bolstered its position by filing an application for a nationwide strike vote among the 100,000 Chrysler workers.

One other strike vote application,

applicable to the 325,000 employees of General Motors, has already been received by the National Labor Relations Board. The vote will take place Oct. 24 in the 96 G.M. plants in which the auto union holds bargaining rights. Petitions for a strike vote at Ford are ex-

Ford President Brings More Than a Name to His Job

Although the new president of the Ford Motor Co. is only 28 years old and was comparatively obscure until the death of Edsel Ford, his father, in 1943, he is by no means an unknown quantity in Detroit. As executive vice-president since Apr. 10, 1944, Henry Ford II has for many months been taking more responsibility in the operation of the company.

Founder Henry Ford, aged 82, has often absented himself from his office, and his grandson has taken the reins in hand when it became necessary. As a result, Detroit has confidence that Henry Ford II will measure up to the responsibilities of running the world's biggest privately owned company, a vast \$1,021,000,000 industrial empire.

- **Acid Test**—The new president faces at once the acid test, for even as he took office the Rouge was shut down by the labor trouble that now besets the Motor Capital (page 17). Keenly aware of his obligations to the company's 125,000 employees, Ford is known to be definitely liberal in his attitude toward labor. His thinking is strictly in line with the strenuous efforts that the company has made to get along with the C.I.O. United Auto Workers.

Nevertheless, young Ford can take a firm stand when he believes himself to be in the right, an attitude that he manifested in a radio speech ascribing the present shutdown to labor's "selfish policies."

- **Affable But Quiet**—Personally, the third Ford to administer the company is a rather handsome, husky man, who stands about five feet ten and weighs around 175. Affable but quiet, he would rather listen than talk. When reporters come to question him—and his door is not too difficult to enter—he is likely to say, "I should be asking you the questions." And he does.

So the interview often goes in both directions at once. Ford smiles readily but not unnecessarily.

- **Majored in Sociology**—When he was three years old, he watched the



Henry Ford II

lighting of a furnace at the Rouge, and he has not been a stranger to the works ever since then. His intensive training, however, did not begin until five years ago when he finished his work at Yale. It was interrupted by his training as a Navy lieutenant, until he was returned to the company as essential, after his father's death. In school he majored in sociology and took only one year of engineering, admittedly because he didn't like it.

Actual work in the plant, however, was different. For that he showed an aptitude, as soon as he and his younger brother Benson started to learn aircraft engine production as part of an apprentice group trained in the Pratt & Whitney plant.

- **First-Hand Knowledge**—He has worked in a variety of jobs at the plant, and he has learned a lot, for he absorbs information like a thick Turkish towel absorbs water. That first-hand knowledge will now stand him in good stead, although like any good executive he will also depend

upon the advice of his associates.

And Henry Ford II will have good advice. A favorite of his grandfather's, he has always been receptive to the sometimes homely, sometimes brilliant, but predominantly practical ideas of Henry Ford the Elder, who still continues on the board of directors.

- **Other Counselors**—Other close family counselors will be Mrs. Eleanor Clay Ford, who has taken an active interest in the company since the death of her husband Edsel, and Mrs. Ford's brother-in-law, Ernest Kanzler, chairman of the Universal-C.I.T. Credit Corp. and one-time chief assistant to Donald M. Nelson on WPB.

Inside the company, the new president can look to many of the men who have been participants in the lunch table conferences that Henry Ford relied upon as a principal device in running the company. After Edsel's death, Detroit gossip had it that this loose administrative setup might literally fall apart (BW—Jun. 24 '44, p19), but thanks in part now to the young Henry's own good administrative talents, the Ford management machine is running smoothly.

- **Top Executives**—Top manufacturing executive, to whom Ford can look for production and mechanical advice, is Ray R. Rausch, a company director. Another director is hard-hitting Harry H. Bennett, long-time Ford personnel director. And on the sales front he can look to Jack Davis.

The new president is likely to be his own sales manager. As executive vice-president he overhauled and strengthened the sales department, but his selling sense is perhaps best evidenced by his enthusiastic backing of the idea of a new low-priced car (BW—Oct. 28 '44, p16).

- **Where Payoff Is Rung**—In his determination to give the Ford retail dealers a "hot number" to sell, Henry Ford II, like his grandfather and father before him, shows a keen appreciation of the fact that the payoff in the auto business is rung up on the dealers' cash registers.

pected to appear soon. In each case worker approval of the proposed strike is expected.

A ray of hope for the ability of the U.A.W. international board to control rebellious local union members appeared when the fortnight-old Murray Corp. strike was settled. The tie-up was disclaimed as unauthorized by the board and was subsequently ended when international officials intervened.

Detroit area industry was beset during the week by indirect strike troubles as well as direct ones. Gasoline shortages, caused by the walkout of oil refinery workers (page 102), took buses off the streets in nearby Pontiac early in the week and resulted in considerable plant absenteeism. Similar paralysis of public and private transportation was growing in Detroit and interfering with production.

Detroit's New Auto Producer

Kaiser-Frazer Corp. emerges from the may-be stage, floats a financial program, and gets ready to make cars. Willow Run will turn out both the low-price Kaiser and the medium-price Frazer.

After many uncertainties, Detroit now has a new producer of automobiles.

Kaiser-Frazer Corp., lessee of Willow Run, has charted its financial course and is now rounding out its engineering. Cars are scheduled to roll from the mammoth war plant early next year.

• **Frazers First**—First production of the Kaiser automobile will be at Willow Run instead of in the West Coast shipyards of Henry J. Kaiser as originally planned. But the first cars to leave the new assembly lines probably will not be Kaisers but Frazers.

Designs for the medium-price Frazer have already been frozen, while plans for the low-price Kaiser are still being developed. The Frazer, named for Joseph W. Frazer, president of both Kaiser-Frazer and Graham-Paige, will be produced by Graham-Paige at Willow Run in plant space subleased from Kaiser-Frazer.

• **Financial Start**—To get its manufacturing operation under way, Kaiser-Frazer Corp. (BW—Aug. 4 '45, p. 26) has floated a \$22,000,000 financing program, for which a registration statement was filed with the Securities & Exchange Commission last week end. Kaiser interests and Graham-Paige Motors Corp. each bought 250,000 shares at the public offering price of \$10 a share.

An underwriting syndicate headed by Otis & Co. of Cleveland, and including First California Co., San Francisco, and Allen & Co., New York, offered 1,700,000 shares on which the books were closed Sept. 21, with apparently a considerable oversubscription.

• **Persistent Angle**—The presence of Allen & Co. in the picture was of especial interest because that firm's senior partner, Charles Allen, chairman of the board of Colorado Fuel & Iron Co., has been persistently mentioned in connection with Kaiser's negotiations

for the Geneva Steel Co. plant at Provo, Utah (BW—Jul. 21 '45, p. 15).

Trading of the Kaiser-Frazer stock over the counter on a when-issued basis was expected to begin this week. The new company, incorporated in Nebraska, has authorized capitalization of 5,000,000 dollar-par shares. Of these, 2,800,000 will be held in the treasury. It is figured that the approximately \$20,000,000 net proceeds of last week's financing will suffice to put the company into active production.

• **U. S. Moving Out**—The government will begin immediately to move equipment out of Willow Run (page 20), and Graham-Paige will begin to shift machinery into the opened space. Any tenancy before Jan. 1, 1946, when the lease starts, will be paid pro rata on the basis of the first year's rental of \$500,000.

Besides the Frazer car, Graham-Paige will build at Willow Run its line of

tractors, farm implements, and the Rototiller (BW—Dec. 30 '44, p. 46). Graham will sublet its West Warren Ave. plant, near Detroit, to the Surplus Property Division of the Reconstruction Finance Corp. for display and storage of surplus war equipment up for sale.

• **Around \$1,400**—The first Frazer car model is a six-passenger sedan expected to sell for around \$1,400. It will be largely an assembly job, with body stampings and engines bought outside, the latter probably from Continental Motors Corp., Detroit.

One of the several experimental Kaiser models made an unwitting public appearance in Vancouver. The vehicle was rolled down the street to a weighing station, and might have gone unnoticed had not a passing newsman recognized some Kaiser engineers in the car. His story hit the news wires and created a one-day furore.

• **Shows Jeep Influence**—The descriptions of the car were sketchy but bore out previous reports (BW—Jul. 21 '45, p. 78). It is small, using considerable aluminum and magnesium, somewhat squarish—like the lightweight experimental jeep which was its direct forebear. The engine of the Vancouver car, a modest four-cylinder job, was mounted amidships over the front axle; in other models the same axle position is used, but location is in the rear. Kaiser people were mum, but this engine may be the Taylor (page 62), which Crosley Motors, Inc., is licensing. In other testing, a 76-hp. Continental powerplant is employed.

Manufacture of the Kaiser will be carried out later on the West Coast as well as at Willow Run, but facilities are so much better for starting at Detroit



Three chief figures in the recent public offering of \$17,000,000 of Kaiser-Frazer stock are (left to right) Henry J. Kaiser, chairman of Kaiser-Frazer Corp.; Cyrus Eaton of Otis & Co., heading the underwriting syndicate that handled the transaction; and Joseph W. Frazer, the new company's president.

that supplemental output on the Pacific may be a year away, perhaps two.

• **Staff Shaping Up**—The company staff is beginning to shape up. Under the chairmanship of Kaiser, Frazer will administer and supervise sales, flanked by W. A. MacDonald, Graham's sales

executive. Kaiser and his son, Henry, Jr., will supervise manufacturing, aided by Vern R. Drum of Graham. Engineering development is under William B. Stout, on loan from Consolidated.

Detroit, having so much trouble getting its old production patterns reestab-

lished, wondered how quickly a newcomer like Kaiser-Frazer could make itself effective, particularly with a plant like Willow Run, which was turned down as unsuitable by the auto industry's biggest operators.

The attitude is, "Wait and see."

Willow Run Lease Relieves RFC of a Problem Child

Happy at getting Willow Run out of the surplus plant property classification, the Reconstruction Finance Corp. figures it made a good deal when it leased the erstwhile B-24 facility last week end to the newly formed Kaiser-Frazer Corp. for automobile manufacturing.

Willow Run gave indications of being a white elephant for the government until the new company, headed by shipbuilder Henry J. Kaiser and motor executive Joseph W. Frazer, began to dicker about six weeks ago (BW—Sep. 1 '45, p41).

• **UAW Took a Hand**—The United Auto Workers (C.I.O.) interested itself in the fate of the big plant last spring, and was reported to have approached Kaiser (BW—May 26 '45, p16) in an effort to induce him to take it over.

The RFC can now dismiss Willow Run from its worries for the next five years, term of the Kaiser-Frazer lease, which begins next Jan. 1.

The first year's rental is \$500,000. It goes up to \$850,000 the second year, and then to \$1,200,000 for each of the next three years. Kaiser-Frazer will pay all maintenance, insurance, taxes, and upkeep.

• **Utilities and Service**—The lease also covered the mechanical building installation which furnished basic

utilities and service, including overhead cranes and conveyors. Any structural changes will be at the lessee's expense, and must be approved by RFC.

No option to buy is included in the lease. If a buyer should turn up, Ford Motor Co., which operated Willow Run during the war, has retained the right to match the offer and so buy in the plant—insurance against a bargain sale. Any sale during the next five years would be subject to the Kaiser-Frazer lease.

The entire Willow Run setup cost some \$93,000,000 as it stands. Of this, about \$53,000,000 was represented in buildings and real estate.

• **About 2,650,000 Sq. Ft.**—The newest motor industry member leased the main manufacturing building, the administration building, commissary, powerplant, training building and other small structures, together with land needed for operation. Total manufacturing area involved is about 2,650,000 sq. ft.

Not included in the leasehold are the hangars and a parts building, each containing about 600,000 sq. ft., nor Army Air Force installations at the east end of the 1,600-acre tract.

• **\$23,000,000 Worth**—Best estimates are that the portion of the

establishment leased by Kaiser-Frazer cost around \$23,000,000, with nearly all of the remaining \$30,000,000 in cost for physical facilities having been eaten up by the expensive long runways and the two big buildings not leased.

Original cost, however, is not the determinant for leasing RFC buildings. The yardstick is an appraisal of today's reproduction cost without figuring depreciation and not including unwanted special war work installations.

• **Around \$7 a Foot**—The portion of Willow Run leased to Kaiser-Frazer was appraised on this basis at approximately \$20,000,000. Considering that the building was erected at considerable overtime work expense, in the highest possible construction cost period, RFC people were pleased at the way valuation was set, at around \$7 per foot. Before the war \$5 was a high figure.

The desired rental basis for RFC properties is 8% of current reproduction cost. Inasmuch as the lease averages \$975,000 per year, RFC's return is actually only 4.875%.

• **Maintenance Cost**—However, one factor figured in was the maintenance cost at Willow Run, an admittedly high amount. For example, the plant has no fire department, and the cost of this protection will be borne by the lessee.

Also, about a million square feet of the manufacturing area has a 30-ft. ceiling, the rest 20 ft. Considering that 18 ft. or so has been found most desirable in general manufacturing and car assembly establishments, it was obvious that there would be inefficiency to be compensated for by the amount of the lease.

• **No Rival Bidders**—Beyond that, of course, was the plain fact that RFC had no other offers for the plant. Ford proved its disinterest by promptly giving up its purchase option as soon as the government made a request for it when the Kaiser-Frazer deal began to jell. Other automobile manufacturers were equally casual.



Buses Fear Pinch

Independents wonder how and when airlines' challenge to rail rate structure will affect fares on the highways.

General traffic managers and rate experts representing every type of motor carrier were jittery when they met in Chicago last week, as a committee of the National Bus Traffic Assn., to talk over postwar schedules. But bus fares—not schedules—claimed most attention.

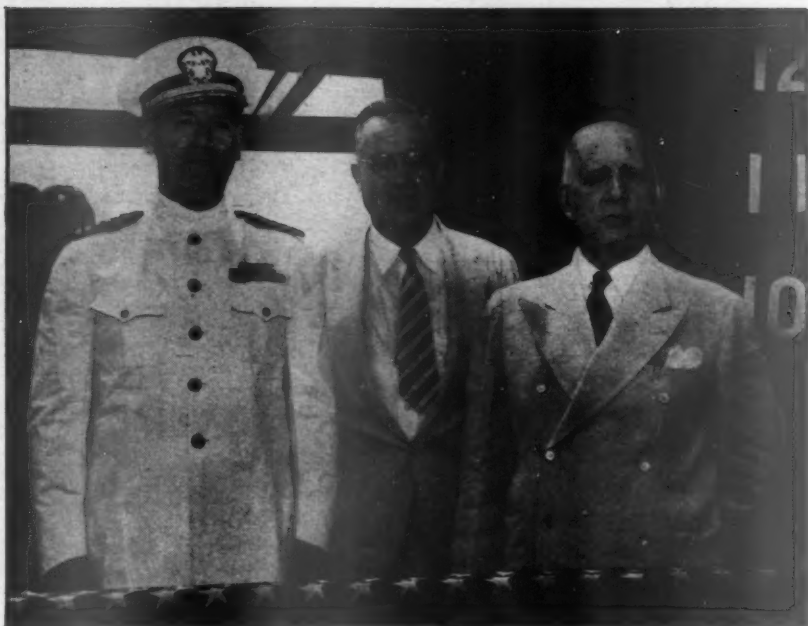
• **Airline Challenge**—L. H. Ristow, top man of the association and rate expert, had some encouraging gossip to offer the members. He, nevertheless, was unable to allay the fear that the challenge tossed at the railroads by most of the airlines (BW—Sep. 1 '45, p45) in the form of lowered rates would be answered by the rails. When that happens, the ensuing scramble for passengers' dollars will force down bus rate structures, too—for small lines as well as the transcontinental operators.

Bus traffic men are convinced that the railroads won't stand by and see the airlines underbid them for the profitable long-haul passenger, since the railroads have already lost much of the short-haul field to the buses and the private automobiles. Should the airlines capture a major portion of the long-haul passenger business, the railroads would have a hard time keeping their projected costly postwar modern trains running.

The problems of the railroads mean little or nothing to the average bus operator except for the fact that he knows from past experience, some of it costly, that unless there is a difference of about 20% between bus and rail fares, the buses bounce over the highways empty of passengers except for those traveling to points not reached by rail. Therefore bus operators are concerned over what the rails are planning as to both first-class and coach rates.

• **Industry Is Divided**—Two elements within the bus industry come head-on over this ticklish problem: (1) the independent bus companies which usually operate in sections not reached by the rails, or in sections without adequate rail service; (2) bus companies in which railroads have a financial stake, usually through stock ownership.

The latter vehemently deny being influenced by their big brothers, the railroads, when it comes to rate-making or other management problems. Independent bus operators cynically look back to instances where rail-owned bus



MERCHANT SHIPS FOR A GOOD NEIGHBOR

Capt. Mario Celestino (right), director of Lloyd Brasileiro, steamship operators for Brazil's Merchant Marine Commission, poses for the record after placing a \$37,000,000 order for 14 cargo vessels with Ingalls Shipbuilding Corp., Pascagoula, Miss. (BW—Aug. 18 '45, p113). With him are Capt. E. E. Brady (left), U. S. Navy, technical adviser, and L. R. Sanford, construction director for the U. S. Maritime Commission, which approved the contract. The first large South American ship order to be placed in the U. S., it is being financed by an Export-Import Bank loan. The ships, plus six more ordered from Canada, replace the 26 Brazil lost in the war, will bring coffee and oils to the U. S., take back equipment needed in Brazil's reconstruction program.

companies seemed quick to fall into line when railroad rates swerved either up or down.

Operators of such lines retort that it is only the competitive situation that brings this about. Independent bus company owners, however, remember how Pennsylvania Greyhound Lines (owned 50% by Pennsylvania R. R.) quickly revised its Turnpike bus schedules a few years ago when it was found that the buses would beat the running time of the best Pennsy train between Harrisburg and Pittsburgh by more than an hour.

• **Operators Hopeful**—Encouraging to all bus operators is the general belief that the airlines are through reducing rates for the time being; that the present 4½¢-a-mile charge is the figure at which long-haul airline passenger rates will be stabilized. What the smaller air transport lines may do, because their government mail pay situation is totally different from that of the big transport lines, is still a matter of conjecture.

Another encouraging bit of informa-

tion for the bus traffic managers is coming from railroad sources. This is that while the rails will eventually reduce fares, especially first-class (Pullman) rates, there are indications that the cut won't be so deep as many bus operators have feared. Operators now are hopeful that they can match any reduction made for coach travel and still be above the 3¢-a-mile rate which bus men generally agree is the lowest they can charge and still stay in business.

• **Wartime Increase**—Both the rail and the bus companies are now operating on a 10% increase in fares granted by the Interstate Commerce Commission in 1942 to compensate for increased wartime costs. The increase was granted with the proviso that it come off "six months after the end of the war."

Thus both rails and buses could effect a rate cut simply by not asking that this emergency 10% be made permanent. Bus operators are not in favor of a fare reduction. This is especially true of the independents, whose

How Fares Compare—By Land and Air

Comparative railroad, bus, and airline fares on typical runs are shown in the table below. Railroad Pullman fares given include the price of a seat in the New York-Boston and the Chicago-Detroit fares, and the cost of a lower berth in the four longer hauls. The New York-Boston rail fare is almost unique in offering no round-trip reduction. The figures do not include the 15% federal tax.

	One Way				Round Trip			
	Bus	Coach	R.R. Pullman	R.R. Air	Bus	Coach	R.R. Pullman	R.R. Air
New York—Boston....	\$3.25	\$5.06	\$8.79	\$8.35	\$5.85	\$10.12	\$17.58	\$16.70
Chicago—Detroit	4.25	6.27	10.61	11.45	7.65	11.35	20.75	22.90
St. Louis—Washington..	13.35	19.97	36.60	34.05	21.80	29.65	67.50	68.10
Chicago—New York...	13.60	20.02	36.93	32.85	21.80	30.00	67.94	65.70
Chicago—Miami	19.75	31.61	59.31	59.00	35.55	56.90	101.30	118.00
New York—Los Angeles	45.25	63.47	128.36	118.30	81.45	101.50	250.76	236.60

profits have been sizable during the war years, and who view rate changes with a jaundiced eye.

• **No Basic Charge**—The truth of the matter is that the motor bus industry has no set policy for rate-making, neither is there a basic per mile charge for bus travel as there is for the rails with their 2.2¢ a mile for coach, and 3.3¢ a mile for first class. "Flexible" is the term bus men use when speaking of the industry's rates, defending their procedure by pointing to the multitude of factors (time element, competition, density of population, etc.) that must be considered in rate-making.

Bus companies have been known to "up" the per mile rate, some to 4¢ or 5¢ a mile, with the breakage on the nickel coming their way, where local conditions permit, but to drop down to 20% to 25% under the rail fare for long-haul passenger travel.

• **New York Action**—With the past six months, the New York state commis-

sion ordered one of the major operators in that state to reduce its fares between local points simply because the commission felt the carrier was making too much money for this type of travel.

Bus traffic managers definitely will not make the first move on reducing rates. Those who attended the Chicago meeting are back at their desks determined to wait and see what the railroads will decide to do. And the best bet on what the future action of the railroads will be is that they, too, will "wait and see."

Railroad people argue that while the airlines captured the headlines by their deep cut in passenger fares, the public will soon become aware of charges to air travelers which are not listed, including the average dollar transportation cost between downtown ticket office and airfield, cost of hotel room at destination (they forget savings in meals en route which the airline usu-

ally provides free), and loss in time due to flight cancellations.

• **Point of Agreement**—On one item the railroaders appear to agree. That is, that a uniform passenger rate structure for the entire country will emerge; that the rail carriers in the South will operate on the same rate basis as the other railroads. Carriers in the South had a rate of 1½¢ a mile prior to the war, while the railroads elsewhere had a basic charge of 2¢ per mile.

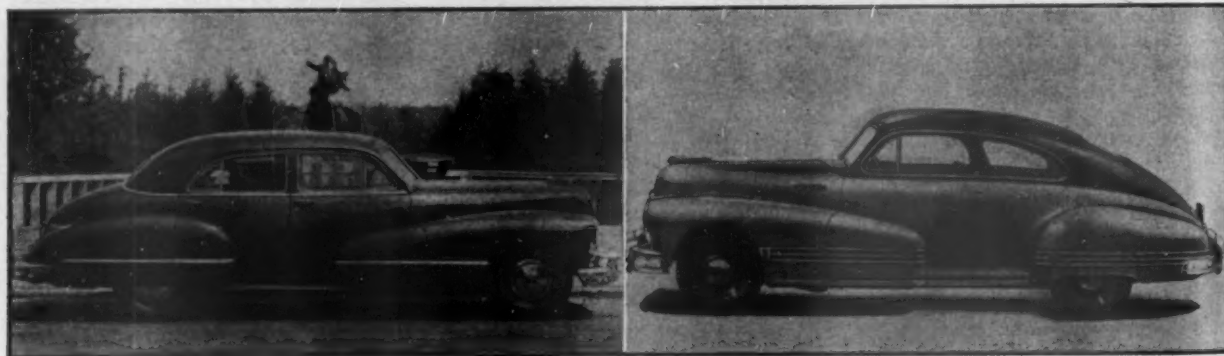
It's a safe bet that once the rails announce a reduction in rates, all bus operators will go along despite the howls of anguish from independents.

ATOMIC BYPRODUCTS

One of the major problems confronting scientists of the Manhattan District's atomic bomb project (BW—Aug. 11'45,p15) was the protection of research and production workers from the radioactivity released as byproducts of the processes used in obtaining U-235 and plutonium.

Now the University of Chicago will seek to put those radioactive byproducts to beneficial use. As an adjunct to its recently established Institute of Nuclear Studies (BW—Aug. 18'45,p22), the university has established an Institute of Radiobiology and Biophysics.

Besides seeking to perfect techniques for the protection of workers, the institute will apply the results of nuclear physics research to such problems as cancer, heredity, and the aging process. Using the so-called tracer method, it will probe the structure and activities of living cells by following the course of radioactive substances through organisms. This procedure is not new, but wartime research has produced new methods for accurate control.



TWO NEW AUTOMOBILES ENTER THE LISTS

Joining the galaxy of General Motors' new passenger-car offerings are Cadillac's four-door sedan (left) and Pontiac's two-door model (right). A heavier grille and wrap-around bumper mark Cadillac's changed dress; mechanically it claims an improved Hydra-Matic transmission among its

war-developed features. The company is setting its sights for an output of 100,000 in the first complete production year and an employment of 7,000 by next March, compared with present and prewar rolls of 4,100. Pontiac models, with 6 or 8-cylinder engines, likewise have the curved bumper; they feature improved cooling and carburetion. Output goal for the first Pontiac year is 500,000.

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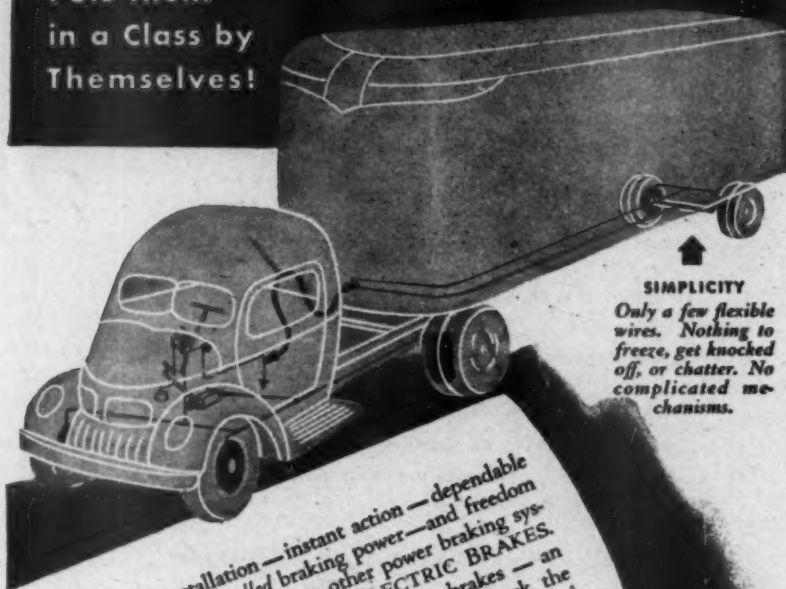


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Illustration shows an accounting office of Higgins Industries, Inc., New Orleans, Louisiana—one of thousands of government, armed service and war industry offices that have had need for great quantities of figuring, accounting and statistical machines in carrying out their wartime assignments.

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Test of Controls

Supreme Court will rule on legality of wartime laws, price regulation, and property seizure. Ward decision is scheduled.

While Congress and the executive agencies scramble into peace, and junk war controls as rapidly as possible, the government's judicial branch will take time, starting next week, to decide whether some of the measures have been legal.

Some stand-out cases of the United States Supreme Court term opening Oct. 1 involve price and rent control, property seizure, renegotiation of war contract profits, and other wartime laws and regulations.

• **Republican Added**—Decisions will come from a court welcoming the first Republican appointee since Hoover days—Sen. Harold H. Burton of Ohio (BW—Sep. 22 '45, p5).

Long an independent Republican, Burton is counted as a recruit for the tribunal's "swing men," Chief Justice Harlan F. Stone and Justice Stanley F. Reed, who have moved to and from the ultra liberal Black-Douglas-Murphy group and the conservative Frankfurter-Roberts team, which latter group is sometimes joined by Justice Robert H. Jackson.

In the resignation of Justice Roberts, the court lost a member who was almost always conservative, gaining one who is expected to line up with the liberals somewhat more often than his predecessor.

Attending increased activity along antitrust lines which is following in the wake of the war's end, the court will have several Sherman act cases, involving movies, tobacco, and the building trades.

• **Ward Case Pending**—The court will probably get its best press from the Montgomery Ward case, wherein Sewell Avery will get his last chance to prove that the government was wrong in seizing properties of his company to enforce a National War Labor Board order.

Avery won the first round when United States district judge Philip L. Sullivan, who was one of Franklin Roosevelt's first appointees to the federal bench, ruled that the late President had exceeded his authority under the first war powers act.

The government took the second round when the Seventh Circuit Court of Appeals, by a 2-to-1 decision, reversed the lower court and put its O.K. on the move. Ward's appeal to the



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Supreme Court was filed only recently
and stands No. 408 on the docket. It
could be heard earlier than it otherwise
will if need be.

• **Tests of Price Act**—One of the situa-
tions which worried state and local gov-
ernments is at the top of a sizable list
of rulings sought on phases of the price
control act. The issue is whether the
Office of Price Administration ceiling
price regulations apply to sales by state
or subordinate governments.

In Idaho and Washington, cases arose
in which purchasers sought auctioned
public property at overceiling levels.
Lower court decisions are thoroughly
confusing. Glove manufacturers insist
that their "in-line" pricing practice is
valid under the price act, and attack
a section of OPA's General Maximum
Price Regulation. Decisions on rent
control, fresh beef, and wastepaper
prices also are before the court for
decision.

• **Sherman Act Cases**—In the antitrust
field, five cases are combined for
decision on whether alleged collusive
practices by building trades unions and
manufacturers were contrary to the
Sherman act. The petitioners, all from
the San Francisco Bay area, were in-
dicted for conspiracy under which man-
ufacturers of mill work and patterned
lumber agreed to union wage scales,
while the unions agreed to prevent im-
portation of non-California mill and
lumber products. Manufacturers pleaded
nolo contendere. Union groups were
convicted.

Liggett & Myers, R. J. Reynolds, and
American Tobacco companies, in three
companion cases, have appealed a sixth
circuit court affirmation of their convic-
tion on charges of monopolizing the in-
dustry.

Motion picture exhibitors appealed
from a federal district court denial of
the right to intervene in legal proceed-
ings to make final a temporary consent
decree, governing the distribution of
motion pictures (page 83).

• **May Lack Quorum**—In the utility
field, the court's intention to rule on
the "death sentence" clause of the
holding company act will be held up
until it is determined whether Burton's
pre-World War service as attorney for
two companies later absorbed by Elec-
tric Bond & Share, a party at issue,
will cause self-disqualification and a re-
sultant loss of the quorum obtained last
spring (BW—Jun. 2'45, p5), lack of
which has held up the issue for nearly
three years.

In companion cases, the state of
Louisiana, the United Mine Workers,
National Coal Assn., and the railroad
brotherhoods will appeal from lower
court affirmation of Federal Power Com-
mission rulings on natural gas pipelines



DDT HOME SPRAYER

The American housewife, who for
months past has been hearing of the
wonders of DDT, now has a chance
to find them out for herself. A light
electric sprayer (above) to apply the
insecticide to furniture and household
effects is on sale in midwestern retail
stores, at \$28.50. Hand models cost
50¢ up. The maker, H. D. Hudson
Mfg. Co., Chicago, supplied G.I.'s
with more than a million and a half
such sprayers and dusters.

and supplies. The principal issues are
highly controversial—whether states may
restrict export of gas and whether FPC
pays sufficient attention to the end use
of gas.

Federal Communications Commis-
sion authority to order retroactive elim-
ination of excesses over original cost
found in telephone accounts previously
approved by the government is another
important utility issue at stake.

• **To Rule on Hatch Act**—Test of the
teeth of the war contracts renegotiation
act, the authorization to withhold pay-
ments from noncomplying contractors,
is sought by a company from which the
Navy Dept. withheld more than \$1,
000,000.

Other pending cases include the gov-
ernment's appeal from the decision up-
holding Esquire's purity, a test of the
constitutionality of the Hatch act for-
bidding political activity by federal em-
ployees, and the question whether a
Florida school district (Dade County)
discriminated because of color or race
against Negro teachers to whom it paid
less money than it did to its white
employees.

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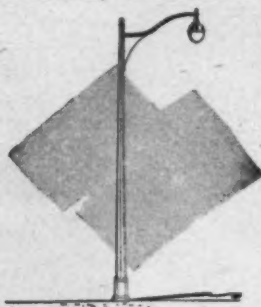
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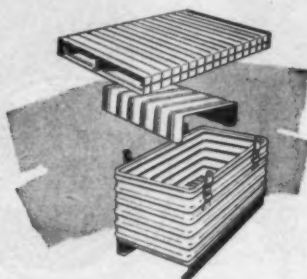
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Luxury Trains

Three lines plan joint operation of streamliners from Chicago to West Coast. Dome cars will be featured.

By the end of 1946, rail travel between Chicago and the West Coast over the "middle route" will have streamline service of a new type, and the Union Pacific & Santa Fe—pioneer operators of luxury trains to the Coast—will have a new competition.

● **Court O.K. Sought**—This was indicated last week when the trustees of the Denver & Rio Grande Western R. R. asked court permission to join with the Burlington and Western Pacific in the purchase of six new Budd-built stainless steel trains to be used on the Chicago-Denver-San Francisco run.

The court action did not disclose full details. But enough information was given to spotlight the serious bid that the three-road combination will make for passenger travel over this scenic route. Ralph Budd, Burlington president, has from its first showing had a keen interest in the revolutionary Astra-Liner designed by General Motors engineers as a contribution to postwar railroading (BW—Jul. 28 '45, p. 55).

● **No Extra Fare**—Half of the cars in each of the ten-car trains—the coaches and observation lounge cars—will feature the Astra-Dome glass-inclosed penthouse in the roof of the car that permits 180-deg. vertical as well as a 360-deg. horizontal view. The dome will also be featured in two new Chicago-Twin Cities "Zephyrs" recently ordered by Burlington.

Whether the G.M.-designed glass dining car is also to be included hasn't been announced. Executives of the three roads will shortly go into a huddle at Denver to decide final details of the \$9,000,000 purchase. The new trains will be diesel-powered, and will be operated in daily service at no extra fare.

About \$3,000,000 of the \$9,000,000 would go for diesels, with the remaining cost divided as follows: Denver & Rio Grande Western \$1,500,000, Western Pacific \$2,220,000, and Burlington \$2,460,000.

Still to be decided is the running time. The operation west of Denver is by this route a tough grind through the Continental Divide. Officials are aiming for a 50-hour schedule. This would be a considerable improvement over the 60-hour prewar schedule of the three roads' steam-powered, money-

making Exposition Flyer. The glass domes are particularly adapted to exploiting the scenic beauty of this rugged route.

The Competitors—If other transcontinental streamliner service remains at prewar status until the new daily, non-premium trains begin running, they will stack up with competition as follows: over the middle route—"City of San Francisco" operated triweekly between Chicago and San Francisco by the Chicago & North Western, Union Pacific, and Southern Pacific, on a 39½ hour schedule at \$15 (plus tax) extra fare; "City of Los Angeles," also triweekly, via C.&N.W.-U.P., same schedule, same extra fare; "City of Portland," C.&N.W.-U.P. five times a month, 39½ hr., nonpremium.

Santa Fe dominates the southern route with its semiweekly "Super-Chief," 39½ hr., \$15 extra; daily "Chief," 49 hr. 49 min. westbound, 47 hr. 24 min. eastbound, \$10 extra; and daily all-coach "El Capitan" 41½ hr., \$5 extra.

Through the northern tier of states, leading standard trains between Chicago and Seattle are the Milwaukee's "Olympian," Northern Pacific's "North Coast Limited," and Great Northern's "Empire Builder." The G.N. recently ordered five streamline diesel-powered "Empire Builders."

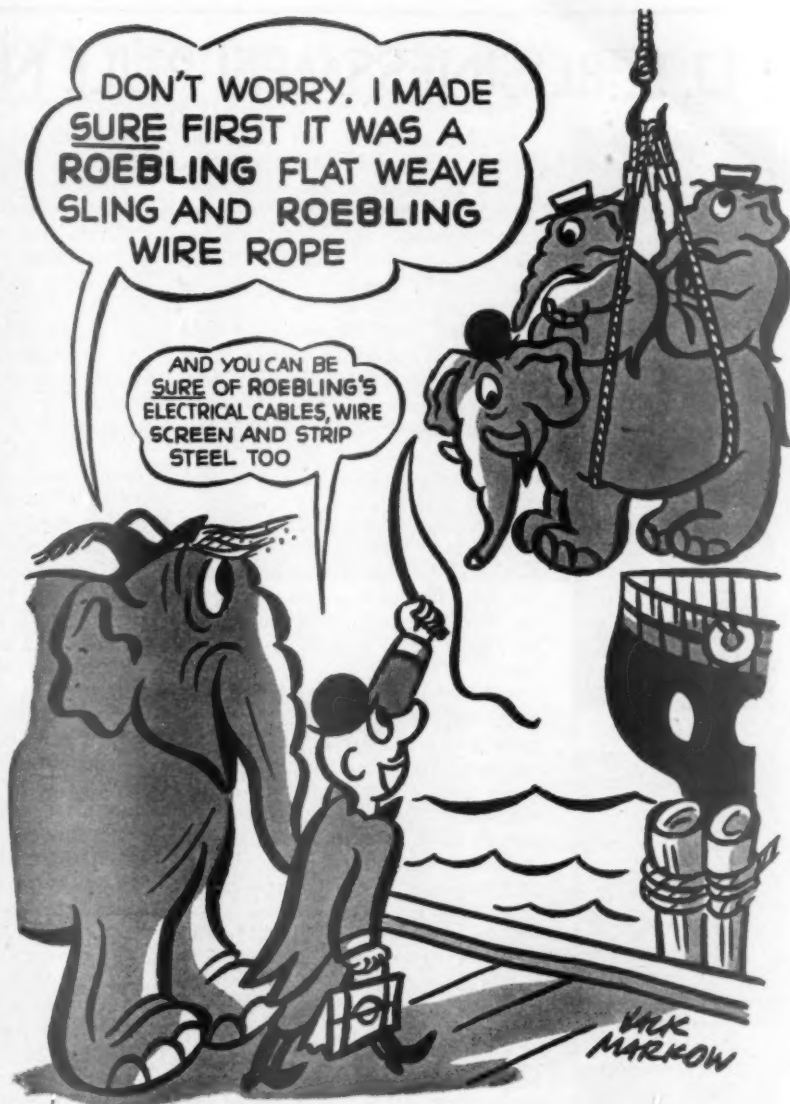
Plenty of Plans—Transcontinental lines are not the only ones with ideas about attracting postwar travelers. A basketful of plans has been disclosed in recent weeks for new passenger equipment, including: Missouri Pacific's \$9,000,000 modernization program for its "Sunshine Specials" serving cities in the Southwest; Illinois Central's projected all-coach streamliner between Chicago and New Orleans; three new "mixed" streamliners between Chicago and Florida over the I.C., Chicago & Eastern Illinois, Pennsylvania, and connecting southern lines.

AIRFREIGHT TESTS END

Completion of 35 experimental transcontinental test flights has resulted in the accumulation of valuable technical data and proved that air cargo is able to carry anything from perishable drugs to heavy machinery, American Airlines announced this week.

The Model-39 plane used in the tests, with a gross load of 18,500 lb., has been turned back to Consolidated Vultee Aircraft Corp.

American said the results of the experiments would be made available to the industry. Among useful techniques developed were refinements in loading procedure, assuring fast lashing of cargo at the originating point and constant checking and tightening en route.



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U. S. BUSINESSMEN RULE NAZI INDUSTRY



Gen. Lucius D. Clay



Rufus J. Wysox



Joseph S. Bates



Albert B. Newman

Within the next two weeks the Foreign Economic Administration should be ready to reveal its completed blueprint for operation of industry within the U. S. zone in Germany—a plan which will undoubtedly be keyed to a master one for the entire Reich.

• **Detailed Plans Drawn**—FEA field men have returned with basic sketches, drawn chiefly by U. S. businessmen now in Germany, for starting the wheels of the Reich's factories but making certain those wheels are equipped with economic governors.

FEA's temporary plans were put into effect immediately by Gen. Lucius D. Clay, Civil Affairs Administrator. Production was geared to needs of the occupying forces, to provide a basic livelihood for Germans.

With that much established, the next step was the gathering of information and suggestions for a permanent pattern of haltering Germany without choking it to death.

• **Employ 60 U. S. Experts**—That pattern must encompass abolition of German cartels, control of exports and imports, and regulation of all manufacturing, to meet terms of the Potsdam settlement whereby the Reich is to be stripped of its war potential, and is to surrender great quantities of industrial equipment as reparations.

Much of the credit for what has been accomplished must go to upwards of 60 U. S. businessmen and experts in Germany. In the vanguard was Edwin W. Pauley, Beverly Hills (Calif.) banker, oil and real estate operator, who recently was shifted to Tokyo to help shape a plan for Japan's economic occupation.

• **Wysox Heads Metal Group**—Among key men on the U. S. Group Control Council is Rufus J. Wysox, former Republic Steel president,

who heads the council's metallurgical branch.

Another is Joseph S. Bates, head of Bates Chemical Co., Lansdowne, Pa. He was selected as executive vice-president of General Aniline & Film Corp. when the Alien Property Director took it over, now will direct I. G. Farbenindustrie. Heading the council's chemical branch is Albert B. Newman, dean of the School of Technology at City College in Manhattan.

• **Oil and Utilities**—Col. Walker Cisler of Detroit Edison Co. directs the public works and utilities branch until his return to Detroit Nov. 1. Clifford S. Strike, president of F. H. McGraw & Co., Hartford, Conn., is important to Germany's rehabilitation. He is chief of the building materials and housing branch.

Operation of the Reich's oil industry is in the hands of Philip Clover, former State Dept. petroleum attache. Standard Oil sent him to the Far East; from 1935 until 1942 he was with Socony-Vacuum. Hugo Boeddinghaus, vice-president of the American Felt Co., Glenville, Conn., will have charge of the leather, textile, and consumer goods.

• **Experts on Motors**—Frederick Gaethke of Anaconda Copper is chief of the mining branch, managed Anaconda's smelters in Upper Silesia before the war. Joseph M. Dodge, president of the Detroit Bank, was picked as assistant deputy for the trade and finance branch by Brig. Gen. William Draper, head of the economic division.

Chief of the light engineering is Edward Zdunek, former head of General Motors' Antwerp office, an expert on European motor production. Charles A. Powel, chief of the electric and radio branch, engineering manager of Pittsburgh's Westinghouse division, was in charge of its foreign engineering activities.



Brig. Gen. W. H. Draper



Edwin W. Pauley



Charles A. Powel



Edward Zdunek



Col. Walker Cisler



Clifford S. Strike



Philip Clover



Hugo Boeddinghaus



Frederick Gaethke



Joseph M. Dodge

Look where he goes when he returns from overseas

The picture-story of a typical returning soldier



1. Off the transport and on to a waiting train! His first train trip is to a nearby disposition center, where units arriving from overseas are sorted geographically.



2. Next, with other veterans from the same part of the country, he travels to the reception station nearest his home. If it is a long trip, he goes in a Pullman sleeping car.



3. Reception stations are where men to be released from service are discharged; where men staying in service start their furloughs home. There are 22 of these stations in the United States. It takes a returning veteran at least 2 train trips to reach one—then he starts his third.



4. Home! If he is discharged, this is the end of the line. With thousands of veterans going home—some on furlough, some to stay—it's no wonder you see so many campaign ribbons and overseas service stripes among your fellow passengers when you have to take a trip.



5. "So long!" If he must remain in service, he goes back to the reception station when his furlough is over. Here he is given a new assignment.



6. Before V-J Day, the military load on trains was the heaviest in history. Now, with over 10,000 men a day landing from Europe and thousands of veterans returning from the Pacific, railroad travel will be heavier than ever. Since most long distance troop movements are made in Pullman comfort—and since so many troops are on the move

—it takes a lot of sleeping cars. As a result, you can't always be sure of getting the Pullman space you want. But you can be sure that when you do go Pullman, you travel the world's safest, most comfortable way of getting there fast. That will be just as true tomorrow as it is today!

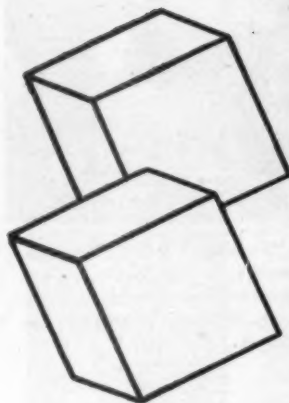
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CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

Alumina Legacy

What happens to plants for producing aluminum oxide from clay will depend upon defense policy rather than economics.

In the frenzied early-war search for domestic ores to support America's vastly expanded need for aluminum, the government put up nearly \$20,000,000 for four unproved but hopeful methods of producing alumina (aluminum oxide) from clay.

Now, with the nation literally wallowing in aluminum and alumina-production capacity, the ultimate fate of these four plants is a problem.

• **SPB's Views Awaited**—War Production Board sponsorship already has been withdrawn. Congress has not yet fixed a disposal policy. The Surplus Property Board may make its views known in its forthcoming report on the place of surplus aluminum plants in the postwar economy, due within a few days.

Operators, with plenty of help from local political sources, are pulling wires to get Congress to provide some form of financial assistance so the plants can continue operation. They received some support last week from a Senate Commerce subcommittee, which recommended that SPB see that operations are continued "until the processes are fully tested."

• **No Market for It**—These clay plants are ready to turn out 200,000,000 lb. of alumina a year (roughly two pounds of alumina are required to produce a pound of aluminum), but there is no market for it, now that military demand has vanished.

Domestic facilities for making alumina

Four Problem Plants

Of the four alumina-from-clay plants built with Reconstruction Finance Corp. assistance, those operated by Kalumite, Inc., at Salt Lake City and by Ancor Corp. at Harleyville, S.C., have been in production, while those of Columbia Metals Corp. at Salem, Ore., and of Monolith Portland Midwest Co. at Laramie, Wyo., are nearly completed. Cost and capacities of the four (in tons per day) are as follows:

Plant	Cost	Capacity
Kalumite	\$5,254,000	100
Columbia	4,945,000	50
Monolith	4,629,000	50
Ancor	3,162,000	50

How much *Air* to burn a Ton of Coal?

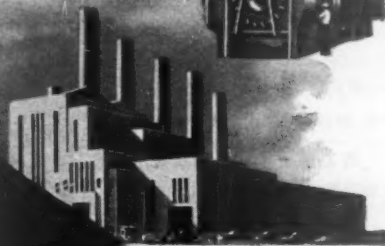
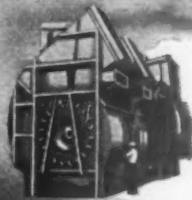
Not just ordinary burning, mind you. But the way modern power stations do it, to make the "juice" for lighting homes and running factories. That calls for 16 tons of air for every ton of coal! Here's what happens:—

Whirling generators, that actually produce the electric current traveling out over transmission lines, are powered by steam turbines, which are constantly fed by huge boilers. Here the last iota of energy must be squeezed from every pound of coal. First, huge fans supply great blasts of air to burn the fuel—whipping it into roaring heat. Then other large fans remove the gases of combustion—often as hot as 600°F—and send them up the stacks.

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RETRAINING WARRIORS

In Hawaii, as in Europe, U. S. military personnel marking time in peacetime garrisons are making the most of opportunities offered to go to school to get ready for the day when they doff their uniforms. At Barber's Point "University," on Oahu, Navy men—and women—study the psychology of adjustment in a classroom (above) where the pre-V-J Day studies consisted of adjusting the sights of aerial combat weapons to improve gunnery techniques. The widely assorted list of courses from which pupils may choose what they wish to study (right) ranges from calculus to animal husbandry.



na from bauxite (the best aluminum ore, but none too plentiful in this country) are capable of producing 5,000,000,000 lb. a year. Cutbacks have reduced operations to 10% of peak war demand. Aluminum Co. of America and its war-created competitor in this field, Reynolds Metals Co., together own plants capable of a 2,300,000,000-lb. annual output, exclusive of Alcoa-operated government facilities totaling another 2,550,000,000 lb.

• **Peacetime Prospect**—Most optimistic guess as to peacetime demand is for consumption of not more than a billion pounds of aluminum a year—which would require twice that much alumina.

Of the four plants, that operated by Monolith Portland Midwest Co. at Laramie, Wyo., is held to be the most promising from a commercial standpoint. Alumina production there is a byproduct of a well-developed cement operation. Raw material is the alumina-bearing clay found in abundance in Wyoming.

• **Strictly a War Baby**—The Ancor Corp. operations at Harleyville, S. C.

(BW—Sep. 9 '44, p. 66) are based on a process similar to Monolith's, but Ancor is strictly a war baby and must develop the cement and fertilizer markets essential to profitable alumina byproduct operations.

Columbia Metals Corp., despite enthusiastic, untiring promotional activities of its president, James O. Gallagher, plus hearty support of state officials, must abandon its alumina-from-clay project at Salem, Ore., unless Congress decides to continue government sponsorship (Gallagher shies at the word "subsidy") in the interests of national defense or self-sufficiency.

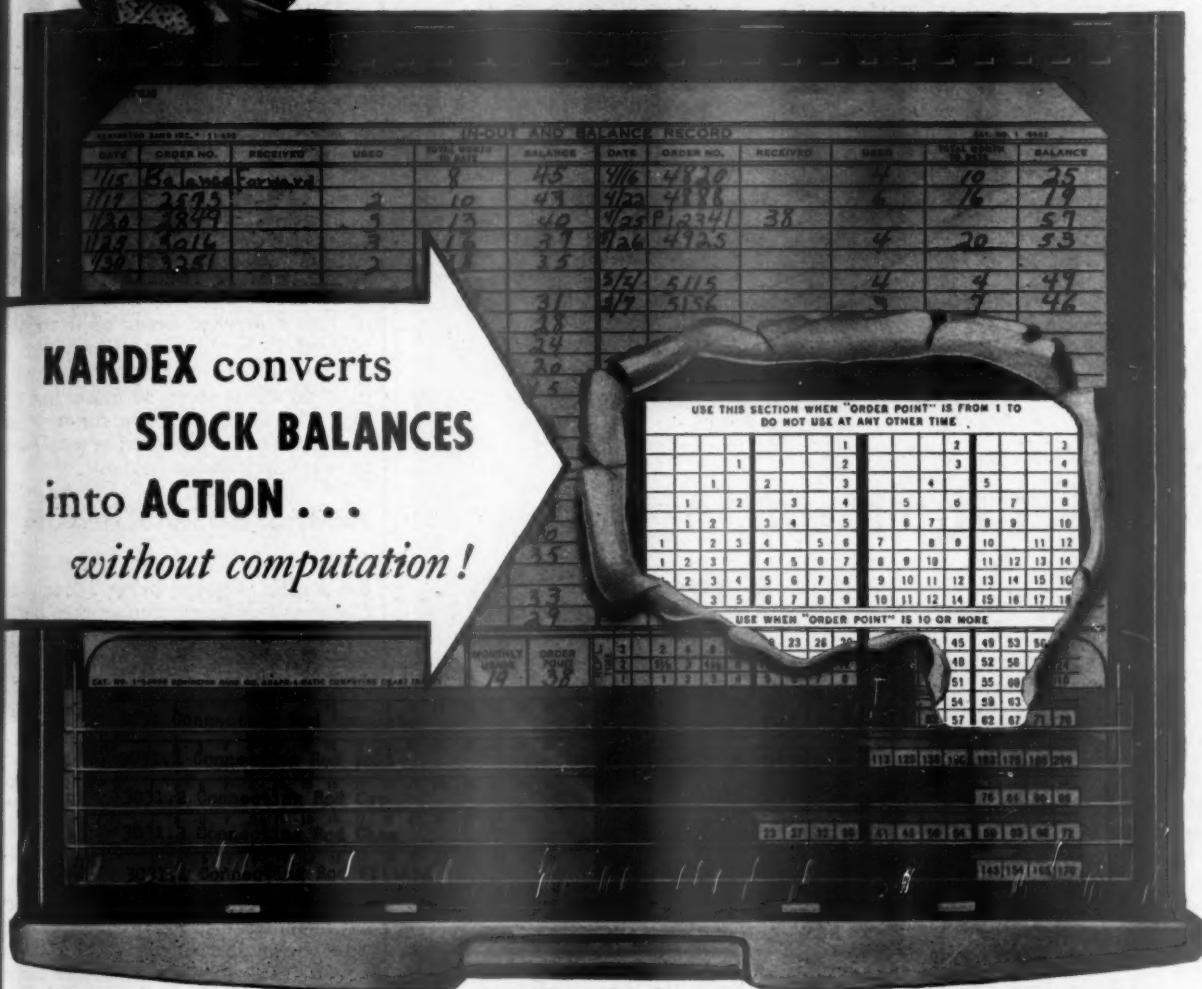
• **Pilot Plant Shut Down**—The process used by Kalunite, Inc., at Salt Lake City, is alleged to be the least successful in demonstrating the feasibility of alumina production because of high costs for a less satisfactory product. Officials of Olin Industries, Inc. (parent concern of Kalunite), have closed down the company-owned pilot plant.

What Congress may do about subsidizing these plants is anybody's guess. Capitol Hill wiseacres predict a swing

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away from subsidy policies. But labor will keep on throwing its weight in favor of federal patronage for the plants.

• As a Defense Factor—National defense considerations also suggest caution in abandoning alumina-from-clay processes. If they are continued, Uncle Sam would guarantee a market for their output, allow purchase of the plants by present operators on favorable terms and encourage gradual expansion.

Thus present methods could be improved to the point where answer might be given the question: Can domestic resources supplant or at least supplement foreign supplies of aluminum ore, or must alumina-from-clay be cataloged simply as a national defense device?

• Private Capital's Stake—Meanwhile it can be certain that private investment in the highly developed process of extracting aluminum from bauxite—an investment approximating \$2,000,000,000—will not be sacrificed casually in favor of future defense needs of a country pledged to world peace covenants.

The United States' promised policy in world affairs seems to imply that our markets will be left open for such materials as bauxite produced in possessions of war-impovertised nations.

ARMY SPEEDS DISCHARGES

The armed services are responding to the terrific pressure being brought on Congress to get men and women out of uniform (BW—Sep. 15 '45, p. 15). The Army, accounting for about two out of every three persons still in uniform, has made the biggest change in demobilization policy.

Whereas 80 points are now necessary for discharge, the Army will reduce this to 70 as of Oct. 1, drop it to 60 a month later. By December, the point system will be eliminated to permit discharge of all enlisted men with more than two years of service. The Army will not send overseas enlisted men with 37 points or more.

For Army officers, the present sliding point-scale for discharge—between 85 and 100, depending on rank—will be reduced to a flat 75 points after Oct. 1. In addition, most officers with 48 points or more will not be sent overseas.

Two weeks ago, the Coast Guard followed the Navy in liberalizing its point system to allow credit for overseas service.

And this week, the Navy ruled that any enlisted man with three or more children less than 18 years old can be discharged on request.

Meanwhile, it is reported that the Office of War Mobilization & Reconversion will ask the Navy, as well as the Army, to release men for labor-starved industries.

Pipe for Texas?

Lone Star Steel Co. seeks additional ODP funds to build mill. Decision will hinge on a survey of furnace facilities.

Future of the Lone Star Steel Co.'s mill plant at Daingerfield, Tex., now depends on results of an Office of Defense Plants survey to determine whether the blast furnace facilities can be expanded for the efficient manufacture of cast-iron pipe.

• More Money Sought—The survey was ordered by ODP after Lone Star had petitioned the federal agency for an additional \$3,500,000 with which to build the pipe mill. ODP financed erection of the plant in 1942-43. Company engineers will sit in on the survey, to be completed by mid-November, and will make their own recommendations.

If the findings are favorable and the mill is erected, Lone Star expects to take half the production of the blast furnace (1,200-ton daily capacity) for pipe and to find a market for the remaining half of the pig iron among the small iron and steel industries of the Southwest (BW-Oct.28'44,p17).

• Some Ore Sold—The blast furnace and a battery of 78 coke ovens were built at a cost of \$24,000,000, plus an additional \$6,000,000 ODP fund for developments in the McAlester and McCurtain coal fields of Oklahoma. The original plan called for erection of a \$42,000,000 steel mill, but acceleration of the war caused the War Production Board to refuse priorities, though ODP tentatively offered the funds. The blast furnace has never been put in operation.

Subsequently, an agreement was reached between Lone Star Steel and Republic Steel Corp. for shipment of 100,000 tons of Daingerfield iron ore to the Republic plant at Birmingham, Ala. (BW-Feb.17'45,p18). However, there was an option to void the agreement after shipment of 30,000 tons, which Lone Star Steel exercised, explaining that the operation was unprofitable at the price paid by Republic and because of inability to obtain machinery for loading operations at the mine.

• Navy Uses Equipment—There is now no activity at the Lone Star plant except a small production of ore for shipment to St. Louis, and use of blast furnace equipment by the Navy in wind tunnel experiments. If the pipe mill can be built, Lone Star officials believe that its successful operation will be a step toward eventual consummation of the steel mill project.

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Railroads Protest

Atlanta waterway project, called economically feasible by consulting engineers, draws fire as subsidized competition.

Proposed waterborne commerce is giving concern to a section of the railroad industry--this one in Georgia where competition of such nature has given little if any cause for worry in many years.

• **Project Called Sound**--Last week consulting engineers employed by Atlanta and Fulton County, Ga., to survey the economic feasibility of river navigation between Atlanta and Columbus, Ga. (BW--Apr. 28 '45, p. 26), reported to the U. S. Army Engineers at a meeting in Atlanta that the project was sound. Atlanta and county officials pledged their support to provide necessary terminal facilities if the development is carried out.

Only opposition to the proposed improvement expressed at the session, presided over by Col. Mark M. Boatner of Mobile, came from railroad representatives present. They protested against spending public money to "subsidize" water transportation into an area which, they contend, is already amply served by transport facilities. Col. Boatner took under advisement a request by the railroads for a 60-day delay in which to answer the arguments of the consulting engineers, but, he said, regardless of the decision on the request, there would be no delay on the Chattahoochee project from Columbus to the Gulf of Mexico as Army engineers already have recommended it as economically feasible on that stretch of the river.

• **2,500,000 Tons a Year**--After discounting estimates of gross potential tonnage on the Atlanta-Columbus route, the consulting engineers concluded that at least 2,500,000 tons of cargo would move to and from the port of Atlanta annually at a saving of approximately \$3,000,000 to shippers in that trade area. Capitalized at 5%, the report added, this annual saving would justify an investment of \$60,000,000 in locks and other navigation facilities. The capital cost of all navigation facilities between Columbus and Atlanta would run around \$45,000,000, the consultants reported.

The estimate includes cost of eight locks required to extend navigation from Columbus to Atlanta--a distance of 140 mi.--through a total lift of 565 ft. Cost of raising bridges across the Chattahoochee would be charged in

part to power, water supply, flood control, and other water uses, and in part to navigation.

• **Lure to Industry**--Development of the waterway for navigation could be a factor in attracting large industries to the Atlanta area, the consulting engineers said. Actually, they said, tonnage figures cited in their report represent only a sampling and much important potential tonnage had been omitted from the figures. The survey report stated that the level selected--2½ million tons--is believed to be near the minimum level of tonnage under present conditions in the Atlanta trade area.

MATERIALS FOR KAISER

Construction was under way this week on a plant to manufacture wallboard and other gypsum products for the prefabricated homes which Henry J. Kaiser has announced that he will market.

The Standard Gypsum Co., whose plants were leased by Kaiser last year (BW--Jul. 29 '44, p. 81), expects the new facilities, at Richmond, Calif., to require six months for construction. Deep-water docking facilities are to be provided, for the ships that Kaiser now may be able to purchase from the Maritime Commission.

The company has a long-term deal with the Mexican government for access to an estimated 500,000,000-ton gypsum deposit on San Marcos Island, in the Gulf of Lower California.

The wallboard plant being built at Richmond will have 200,000 sq. ft. per day capacity. Other products planned for the new plant will include plaster, gypsum lath, pebble gypsum, and agricultural gypsum.

BASING POINTS ADDED

Two weeks after United States Steel Corp. had overturned the stainless steel basing point appellation by establishing basing points at Cleveland and Chicago (BW--Sep. 15 '45, p. 17), all other major producers and most minor ones had followed suit by taking similar action.

Where Pittsburgh formerly was the sole basing point for stainless steel products, today there are twelve--and this includes every important location where stainless is produced.

Current basing points (not all stainless steel products are priced from all points, however) are: Pittsburgh and Reading, Pa.; Chicago; Cleveland, Canton, Middletown, and Youngstown, Ohio; Baltimore; Syracuse, Dunkirk, and Watervliet, N. Y.; and Newark, N. J.

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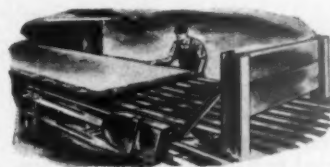


SMOOTHER PERFORMANCE

and better mileage... for your new car! Designers and engineers are swiftly adopting many new and improved materials, including thin, strong, synthetic-compound gaskets for cylinder heads. These new gaskets are reinforced with *Fiberglas Mat*, a lightweight, porous web of fine glass fibers that resists heat, moisture, oils and most acids. This mat is also being used in gaskets for the process industries on high-pressure, high-temperature lines and equipment.



CLEAN AIR is circulated throughout homes heated by forced-warm-air furnaces equipped with *Dust-Stop® Air Filters*. These inexpensive, replacement-type filters are made of Fiberglas packs, coated with adhesive, to trap dust, dirt and lint. Dust-Stops are standard equipment on most forced-warm-air furnaces; are widely used in commercial air conditioning systems and on equipment where precision instruments, motors or electronic controls need protection against air-borne abrasive matter.



THIS CONVEYOR BELT lasts four times longer than former belts used on this machine! The *Fiberglas Cloth* base and its special synthetic coating both resist the oil in the material carried and the heat that quickly burned out previous organic fabrics. Being glass, it resists moisture; does not stretch, shrink or rot. In Coated Fiberglas Cloths, designers have an exceptional material for application in products requiring exposure to the elements.

Fiberglas products offer you a combination of superior advantages not found in any other material. These few examples of Fiberglas in use may suggest its possible advantageous application to your products or manufacturing processes. Fiberglas field engineers will welcome an opportunity to discuss your problems and help you decide where this unique material can serve you best. Write Owens-Corning Fiberglas Corporation, 1803 Nicholas Building, Toledo 1, Ohio.

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AVIATION

Senate Cuts Airport Program

Annual federal aid proposed by McCarran reduced \$25,000,000. Big-airport system advocates suffer reverse as states get full control over allocations. Cities pin hopes on Lea bill.

Congress will be somewhat cautious with respect to the scale on which it underwrites expansion of civil aviation, judging by the Senate's action on the bill of Sen. Pat McCarran, Nevada Democrat, to authorize expenditures of \$100,000,000 a year for five years as federal aid to the construction of airports.

• **\$25,000,000 Reduction**—This is the first of two measures advanced to carry out the Civil Aeronautics Administration's national airport plan (BW—Dec. 16'44,p29) to come up for debate. The other is pending in the House, sponsored by Rep. Clarence F. Lea, California Democrat. Aviation enthusiasts, convinced that a nationwide system of airports is the keystone of its future, had thought that congressional approval was certain.

They got a shock in the three-day discussion in the Senate, which chopped \$25,000,000 off the annual authorization. Sen. McCarran, floor leader for the bill, accepted the reduction when faced with a demand that the amount be whittled to \$50,000,000 a year, possibly for three years instead of five.

• **Out of Proportion**—While grumbling over McCarran's management of the bill, and his failure to justify the original amount requested, its supporters considered themselves lucky in one respect. Too many in the aviation industry had neglected to relate the proposed half-billion-dollar authorization to other federal expenditures. Sen. Robert A. Taft, Ohio Republican, in proposing the \$25,000,000 cut, did that for them.

Among present or proposed commitments cited by Taft are: highways, \$500,000,000 annually; vocational education, \$100,000,000; rural electrification, \$200,000,000; aid to state health programs, \$600,000,000 annually; construction of hospitals, \$110,000,000 annually.

Those figures were potent; perhaps even more so was a rambling plea by Sen. Josiah W. Bailey, North Carolina Democrat, for a reduction in the amount, particularly as it applies to airfields for the private flyer. Bailey is chairman of the Commerce Committee, which held hearings on the airport bill

last spring. Bailey had approved the committee report sending the McCarran bill to the floor.

• **CAA Strategy Blamed**—Some in the airplane industry also blame the situation on CAA's clumsy promotion of its program. They say CAA's master plan was submitted to Congress a year ago without consulting states and cities whose participation is vital to its realization.

The CAA program has been repeatedly criticized by big-city spokesmen. Nevertheless, the federal agency hammered Congress for an annual federal-aid authorization of \$100,000,000 instead of selling the principle of a federal system.

• **Allocation Plan Revised**—Besides trimming the amount of money requested,

the Senate substantially changed other features of the measure. Greatest revision was in method of allocating the funds. In the committee version of the bill, 65% of the federal funds were to be channeled to states to use in constructing small fields classed by the CAA as Classes I, II, and III, those with runways varying from 1,700 ft. up to 4,500 ft. The remaining 35% of funds was to be available direct to cities for construction of large terminal airports.

This matter of allocation has always been the touchiest part of the projected airport program. The classic tug-of-war between large cities and states for federal money was fought all through the Commerce Committee hearings. The bill as concocted in committee was a compromise which pleased neither side. • **Funds for States**—On the floor, Sen. Owen Brewster, Maine Republican, a leader of the state adherents, rammed through a series of amendments which completely changed McCarran's bill. As it now stands, all federal money goes to states. The 35% still is earmarked for municipal terminals, but the cities must go hat in hand to the state authority, rather than to a possibly more friendly CAA, for the money.

McCarran salvaged something from the ruin of his pet compromise. In a state that has not appropriated money

Now No Secret: Direct Fuel Injection

Secret of the "getaway" power of the Superfortresses that dropped the atomic bombs is among the latest to emerge from censorship restrictions. It's the direct fuel injection system, manufactured by Bendix Aviation, which now serves many of the late model B-29's including the trio that

made last week's Tokyo-Washington flight.

• **Skips Carburetor**—End product of 13 years of research, the system shoots pressurized sprays of gasoline directly in cylinders in the manner of diesel fueling, instead of through a carburetor. Advantages: easier starting, less warm-up time, improved acceleration, faster climbs, reduced fuel consumption.

Synchronized with engine drive shafts, the device consists of two small injection pumps each with nine plungers which shoot accurately metered fuel through stainless steel pipes (left) into cylinders at the rate of 20 shots per second—when engines are operating at maximum speed.

• **Close Machining**—Pressure behind each shot ranges from 500 to 2,500 lb. per sq. in. and was made possible by new steel alloys plus machining of plungers to tolerances of ten-millionths of an inch. Bendix supplied the systems to Wright Aeronautical and Chrysler, B-29 engine builders.



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**...Pepsi Cola* is reaching her
at the right moment!**

BECAUSE she's young — she's emotional! She responds easily, quickly, whole-heartedly.

Her mood at the moment arises from a thrilling tale of suspense by Paul Gallico — one of the talented authors who write for *Cosmopolitan*.

And Gallico's fiction is just one example of the kind of brilliant entertainment that crowds the pages of *Cos-*

mopolitan. Great writing makes great reading. It exercises the emotions. It whets the appetite for gracious living.

So Pepsi-Cola teams up with her while her pulse races from Paul Gallico's writing. They're telling her again that Pepsi-Cola in her refrigerator signifies good taste and gay entertaining. For obviously, she's the sort of customer who buys Pepsi-Cola by the carton or the case.

Good going, Pepsi-Cola! You've caught her in an emotional mood. She's just been through the make-believe world of Paul Gallico. She's been living the glamorous life so temptingly traced by Ursula Parrott, Sinclair Lewis and the other great *Cosmopolitan* writers.

Emotion makes wars. Emotion makes marriages. Emotion makes SALES!

* An advertiser in *Cosmopolitan* since 1943

Cosmopolitan

GREAT WRITING MAKES GREAT READING

Emotion makes Wars	✓
Emotion makes Marriages	✓
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It takes real skill to print a corrugated shipping box correctly, to combine colors harmoniously, to create designs that appeal, attract, advertise, and sell. Yes, it takes plenty of know how, plenty of experience, plenty of doing. Good box printing is the result of years of experimentation and testing. It's the result of a thorough study of inks, colors, paper stocks, plate work and presswork. You can depend on high quality printing everytime from H & D.



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Good printing is as important for your shipping boxes as for anything else. The design, whether it features your company name or trade-mark or whether it is a sales display, adds real value to the package as a whole. To be sure you are getting quality box printing, send for a copy of the H & D booklet, "Pack to Attract"

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for airport construction, or that does not have an "adequate" state airport agency, a city may go direct to the CAA for assistance.

• **Lea Bill Favors Cities**—At the end of the hectic Senate debate, proponents of large-scale federal expenditures for airports looked hopefully to the House.

Lea's bill envisions federal expenditures of \$650,000,000 over ten years which would be matched equally by other money, as would the \$375,000,000 of the McCarran bill as passed by the Senate. But Lea's bill provides that the matching may be done by any public agency. In effect, it is a bill favoring the cities which are estimated to have approximately \$750,000,000 available for matching, as against state funds, readily at hand, of somewhere around \$5,000,000.

• **Conference May Decide**—At one time, the CAA favored channeling money through the states. Then it accepted the McCarran compromise and worked hard to sell it to Lea and his Interstate & Foreign Commerce Committee. Now, however, indications are that the CAA leans toward the allocation specified in the Lea bill.

It adds up to a brewing bitter fight in the Senate-House conference committee, assuming the Lea bill clears the House in much its present form. Lea and principal members of his committee are firmly sold on more airports for airline use, are indifferent to fields for the private flyer.

NEW MODELS FOR BOEING

In line with its announced policy of going aggressively after all types of commercial airplane business to pick up part of the slack left by canceled war contracts, Boeing Airplane Co. this week announced plans for two smaller commercial planes to supplement its output of Stratoliners and Stratocruisers (BW-Sep. 22 '45, p19).

One of the new planes is a 20-passenger, high-wing, twin-engine plane, designed specifically for feeder-line operations. It has a cruising speed of about 200 m.p.h., top speed of 243 m.p.h., maximum payload of 6,190 lb., and maximum range of more than 1,000 mi.

The other, also a high-wing, twin-engine model, will carry from 30 to 40 passengers. It will cruise at 252 m.p.h. with a maximum speed of 287 m.p.h. Maximum payload is 8,000 lb., maximum range in excess of 1,100 mi.

The company claims that the high-wing design will facilitate rapid cargo and passenger loading, since the resulting low floor level eliminates the need for extension loading equipment. Both planes are still in the drawing-board stage.



"I wish I'd stade ad the office!"

HENRY, up there, feels miserable.

He is one of the great many people who suffer acutely from hay-fever. Every year, no matter how he tries to avoid it, he has a bout with ragweed pollen . . . and loses.

The greatest relief he has found is in his office, which is air conditioned by Carrier. So, from August 'til the first frost, Henry's industriousness is something to behold . . . and even when he does go home, he wishes he had "stade ad the office."*

The reason Henry is such a Carrier enthusiast is simple. He has found that Carrier air, in addition to being clean and pollen-free, is distributed evenly—draughtlessly—and that its

temperature and humidity are constantly controlled.

This kind of air conditioning requires a unique combination of art and science. And such a combination doesn't grow on trees. It comes only from experience.

For almost half a century, Carrier has concentrated on the single task of making the finest in air conditioning and refrigeration. This specialization has resulted in continuous leadership for Carrier . . . leadership which makes Carrier your best investment.

Carrier air conditioning and refrigeration has already meant increased prosperity for thousands of merchants, manufacturers, movie and restaurant

owners. It has meant greater comfort and better health to millions.

After four years of vital war work . . . practically all of which was in its own specialized field . . . Carrier will soon be ready with peacetime products for you. And whether you seek relief from hay-fever or want to air condition a gold mine, Carrier can help.

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AIR CONDITIONING • REFRIGERATION

*Next year Henry will have a Carrier Room Cooler at home.



WATCH IT, MISTER

...there's a big idea here!

IT'S the latest thing in toy airplanes — *jet-propelled*.

It's powered by carbon dioxide shot out of Soda King Super-Chargers. We first made these Super-Chargers to turn plain water into soda. Then the Navy used 'em to inflate life-vests. Then this toy manufacturer...

The big idea here is simply this: Many a manufacturing problem can be easily solved by ingenious devices *already developed* by Kidde. It's just a matter of adaptation.

Kidde is using gases-under-pressure to whip cream...inflate rubber rafts...operate aircraft landing gear in emergencies.

Maybe we have just the thing *you've* been searching for. Far-fetched? Well, we've fetched good ideas a long way before...and found it well worth the fetching. Let's try! Just drop a line to: Walter Kidde & Company, Inc., 926 Main Street, Belleville 9, New Jersey.

Kidde

IDEA LABORATORY

Airlines: New Era

New and more efficient planes for domestic and ocean routes will bring higher-speed travel before end of year.

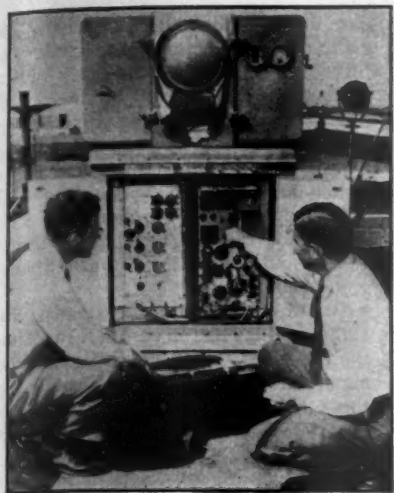
Air transportation is bursting its wartime bonds and before the end of the year many airlines will be operating new and more comfortable and efficient airplanes in domestic and transoceanic service to supplement their present fleets of Douglas DC-3's. In the meantime new schedules and services are being added faster than timetables can be printed.

• **94 Constellations Ordered**—New orders for Lockheed Constellations and cancellations of some Douglas contracts during the past few days have tended to make more equal the order backlogs of the two aircraft manufacturers who will share the major part of the first phase of postwar re-equipment of the airlines.

Negotiations by seven airlines are under way for 94 Lockheed Constellations to cost \$75,000,000. Some of the airlines have already signed contracts. First on the list is TWA (which now means "Trans World Airline"), which sponsored the development of the Constellation for de luxe one-stop transcontinental service. This order is for 36 planes at \$30,000,000. Next biggest purchaser is Pan American Airways with an order for 23, two of which go to Panagra, its Panama-South America operation. Eastern Airlines has contracted for 20 and American Export Airlines has ordered an undisclosed number. Royal Dutch Airlines (KLM) and its Netherlands Indies affiliate have also placed orders.

• **Ocean Routes Surveyed**—TWA has announced that within a few weeks it will be flying Constellations, not only on transcontinental schedules but over its newly acquired transatlantic route. Six recently allocated Douglas C-54E's are now surveying the TWA ocean route, while Pan American and American are also surveying their Atlantic routes with the same type of equipment. Pan American will use its Constellations for eleven-hour New York-London service and for a possible ten-hour transcontinental service for which application has been made. The 50 Mainliners ordered by United Airlines are Douglas DC-6's, an enlarged and commercialized version of the C-54 Army transport. Eleven of these planes will also be ordered by National Airlines.

• **Cancellations Offset**—P.A.A. recently canceled a contract with Douglas for

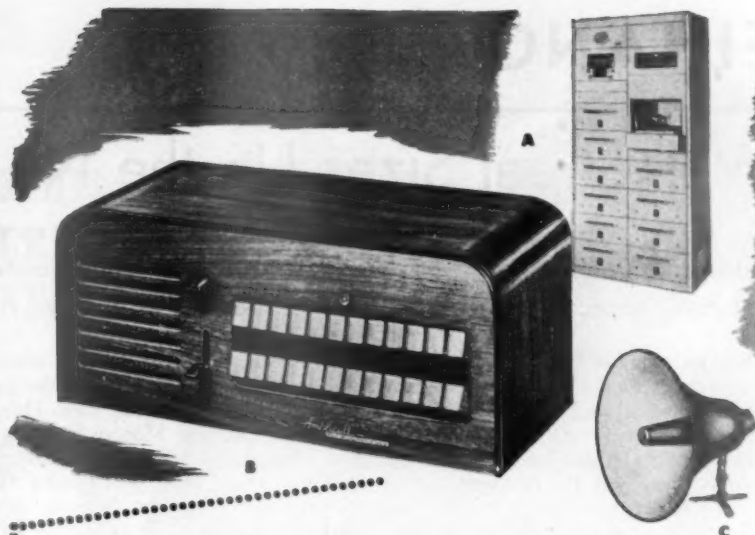


CLOUD GAGE

Developed over several years, the U.S. Weather Bureau's "ceilometer" (above), for accurately computing cloud ceilings by day as well as by night, gets a trial workout at Denver's Stapleton airport. Principal parts are a mercury-arc projector which throws a 30-million candle-power beam and a photoelectric cell. The beam creates a target spot on a cloud; the angle at which the cell must be tilted to pick up the reflection is used to compute the cloud's height, which is a useful factor in formulating weather predictions for aid to air traffic.

\$39,000,000 worth of DC-7's because of upward revision of price due to Army cutbacks of 72% of its order for the C-74, military counterpart of the DC-7. Another \$15,000,000 has been cut from the Douglas backlog due to the large number of C-54's which are soon to be declared surplus. American Airlines will soon get 50 of these. Republic Aircraft is rebuilding them. Increases in demand for the four-engined Douglas DC-6 will add nearly \$12,000,000 as a partial offset to the cancellations.

While the postwar commercial system of world airlines is developing, the Army Air Transport Command will operate regular weekly round-the-world air service originating at Washington. Beginning this week planes will leave Washington every Friday, crossing the Atlantic via the Azores, with stops in North Africa, Egypt, India, China, the Philippines, Hawaii, San Francisco, and back to the capital. Civilians traveling in the national interest can make the round-the-world trip at a fare of \$2,431 plus tax.



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Wall Street Sizes Up the NP

Despite disappointing aspects of Northern Pacific's recent refinancing, road returns to its peacetime problems with its position materially improved. Efficiency at highest point in its history.

Rail financing of late has been largely a transcontinental affair. Although offerings of railroad bonds since late August have totaled some \$336,000,000, the only major flotations have been those by lines which link the Midwest to the Pacific Coast.

The new issue market's rail division has brought forth refunding operations by Great Northern (\$75,000,000), Northern Pacific (\$55,000,000), Southern Pacific (\$125,000,000), and Union Pacific (\$81,600,000).

• **Fast and Furious**—The pace of the current spurt has been so fast and furious that some statistically minded Wall Streeters are beginning to wonder whether there has been anything quite like it since the last century, when the original promoters of western roads engaged in frenzied finance on an epochal scale.

Much recent attention has been attracted by the Northern Pacific Ry., first of the northern transcontinental systems to be completed and prolific as a source of Wall Street legends. Some of the legends spring from the affairs of Jay Cooke and Henry Villard, who went broke trying to complete the road; others from the later doings of the elder J. P. Morgan, E. H. Harriman, and James J. Hill.

• **Times Change**—Northern Pacific's first major appearance in the new issues market since 1923 was planned earlier this year, when the rail markets were strong. Plans were laid to sell \$75,000,000 of bonds to aid in retiring \$100,000,000 of 4½ and 6% junior mortgage bonds. Before arrangements could be made, the rail trading markets developed sharp price weakness, and the new issues market began to show signs of indigestion. Then came V-J Day, with new uncertainties.

NP's original plans had to be revised. The road finally decided to sell only \$55,000,000 of new bonds (a 30-year issue collateralized by 150% par of 4% junior mortgage bonds of 2047) and to concentrate on redeeming its \$81,000,000 publicly held 6% issue.

• **No Contest**—Troubles, however, had only started. When the road's new bonds went on the auction block early

this month, a contest for the offering was expected to ensue between the leaders in the rail financing field—Halsey, Stuart & Co. and Morgan, Stanley & Co. The contest failed to materialize.

The lone bid of 98% of par for 4½% bonds came from the banking group that is headed by Morgan, Stanley (NP's traditional bankers until competitive bidding became compulsory) and was accepted.

• **Not Too Happy**—Public offering of the issue at par was also soon O.K.'d by the Interstate Commerce Commission, and NP received the money for its refunding plans. Nevertheless, the road's management couldn't have been altogether pleased, in view of the substantially better prices that other issuers of new rail bonds had received earlier in 1945.

Why the Halsey, Stuart group decided at the last moment not to partici-

pate in the bidding has never been officially explained. However, according to Street gossip, there were early indications that distribution of the bonds might prove a "selling job," since only a fair institutional demand could be expected. Besides, the group had had a rather unsatisfactory experience a week or two before with an offering of \$75,000,000 Great Northern bonds it had won by outbidding the Morgan, Stanley group.

• **Smart?**—For a time it seemed that Halsey, Stuart had been smart in letting the bonds go. There was little early demand for the issue; days after the sale the purchasing group was rumored to have \$25,000,000 of the issue still unsold.

After about two weeks, however, a definite demand began to spring up, probably stimulated by salesmanship inspired by the higher-than-usual 1½% selling group commission involved. Some \$13,000,000 of bonds actually moved in one day. Closing up of the syndicate soon became possible, and the issue since has been quoted in the over-the-counter market at approximately its original offering price.

• **Through Northern Tier**—The 6,866-mile Northern Pacific system extends from Minneapolis, St. Paul, and the Lake Superior ports of Duluth and Superior through the northern tier of states to Seattle, Tacoma, Portland, and other Puget Sound and Columbia River



Seeking to strengthen further its powerful position in the domestic picture, American Airlines, Inc., has arranged to merge into its organization Mid-Continent Airlines, Inc., operator of air routes serving principal cities in the Mississippi Valley between the Twin Cities and New Orleans. Directors of both companies have agreed to the consolidation by a swap of four shares of Mid-Continent for one of American, and success appears virtually assured (subject to approval by the Civil Aeronautics Board) since interests holding more than 50% of the smaller line's outstanding stock have already accepted.

ALADDIN AND HIS WONDERFUL LAMP WERE JUST PIKERS!



INDUSTRY has no Aladdin's lamps to rub but its accomplishments are even more astonishing than those of the genie in the Arabian Nights tale. Here are some of the things that happened in industry in the twenty years just before the war:

- ... output per man-hour in the manufacturing industries was increased by 117 per cent.
- ... production of industrial goods was increased by 67 per cent.
- ... average hourly earnings rose about 40 per cent.
- ... total employment was increased by 4 million people.

Here are some additional notes from the record:

- ... the price of radios was reduced from an average of \$125 to \$34; annual sales jumped from 1.3 million sets to 13.7 million sets.
- ... mechanical refrigerators were reduced

from an average price of \$550 to \$155 and annual sales jumped from 5,000 machines to 3½ million.

... oil burners were reduced from an average price of \$735 to \$333; annual sales increased from 75,000 units to 321,000 units.

These are but a few examples from thousands of products whose sales soared when their prices were reduced.

What's the moral? Just this — we have made new jobs — established the highest standard of living and the highest wage rates in the world, by producing more and better goods at lower prices for more people to use and enjoy.

We've done it by better manufacturing with modern machine tools to increase output per man-hour. We've done it with American enterprise, ingenuity, drive for progress. Isn't that most of the answer to jobs — security — prices — and the enjoyment of life for all of us in the future?

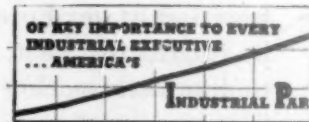
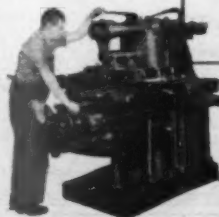


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ports. It serves important iron ore, grain, potato, lumber, mining, fruit, berry-growing, fishing areas.

Although NP serves about the same territory that the Great Northern does, there is a vital difference between the traffic makeup of the two. Unlike the more profitable Great Northern, NP does not tap the rich Mesabi iron ore range. It has never received comparable tonnages of ore for carriage to the lakes—traffic not susceptible to diversion to competing carriers or to pressure on already low freight rates.

• **A Lumber Road**—Instead, NP's principal provider of freight traffic is lumber, subject in peacetime to severe competition from water shipments via the Panama Canal to the important eastern consuming markets. Likewise, it is considerably dependent on the harvests of a predominately agricultural area which since 1929 has been affected in many years by subnormal crops or low market prices.

Before the war, also, NP's traffic proved vulnerable to the competition of trucks, buses, and inland waterways. Competing pipelines carrying natural gas and petroleum products have hurt coal shipments. All this competition, as might be expected, has generated considerable pressure on the road's rate structure as indicated by the drop in its average revenue per ton from 1.26¢ in 1932 to only 0.82¢ in 1944.

• **Extra Income Needed**—Since 1923 and especially since 1928, NP revenues have shown less-than-average participation in industrial revival. Though fixed charges were covered by over-all earnings in every year of the 1930-40 period except two, rail earnings alone were insufficient in all those eleven years to cover such requirements. It was other income that prevented a long string of deficits.

Chief supplier of the extra income needed in those years was the Chicago, Burlington & Quincy system, which the NP has long jointly controlled with Great Northern and which gives it an entrance into the Chicago area. Entering the depression period well supplied with cash, the owners of the Burlington had the latter declare some \$85,400,000 of dividends during the 1930-41 period (\$4,500,000 more than earned). Though the Great Northern needed this extra income, too, in many of those years, to NP the \$40,000,000-odd received from that source was a lifesaver.

• **Land and Mining**—Another large contributor to NP's extra income in its poor years was Northwestern Improvement Co., the subsidiary it has used since 1897 to handle a substantial part of its land and coal mining operations. That company paid to the parent dividends far in excess of its earnings over a long



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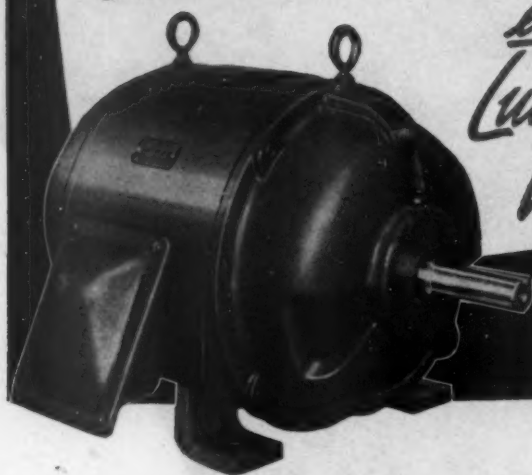
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1. Protecting enclosures keep out dirt, chips, oil, excess moisture.
2. Steel stators for strength.
3. Thirteen-step winding treatment, for maximum stator protection.
4. Pressure cast aluminum rotors provide trouble-free windings.
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7. Optional lead outlet arrangement permits machine mounting with elimination of conduit box.
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RELIANCE ^{AC}/_{DC} MOTORS

period, and the drain on its assets not yet been fully repaired.

For some time after war traffic began to boost earnings, the NP management was content to apply its added income to bolstering of its cash resources, until these hit a high level did it begin its effort toward debt reduction. That it was much later than most roads starting to buy in its bonds in the open market for retirement purposes.

• **Accomplishment**—Nevertheless, mid-1945 it had retired some \$25,000 of the \$106,000,000 of 6% bonds outstanding at the close of 1939. Moreover, as a result of this and the refinancing, annual fixed charges are soon be running at not more than \$10,500,000 rate, or some 28% less than six years ago. Despite a sharp rise in equipment obligations, due to large purchases in recent years, total fixed debt will soon be down to around \$200,000,000 compared with \$316,000,000 at the war's start.

Since NP's early construction period it to get in on the ground floor in many areas, it enjoys the unique position of being able to collect substantial more in the way of rentals for use of property by others than it has to pay out for similar privileges.

• **Rented Mileage**—Its lines between Portland and Tacoma and Seattle are the only ones in existence. Parts of the mileage are used extensively by the Union Pacific and Great Northern, annual rentals that have recently been averaging around \$1,350,000.

The St. Paul has likewise been paying around \$350,000 annually to use the St. Paul-Duluth mileage, and the Great Northern and Burlington are now paying about \$250,000 yearly for use of two Montana terminal properties.

Other annual payments from various systems for use of NP property have been bringing in some \$1,250,000 each year.

• **Equipment Rentals**—Valuable income is also obtained from equipment rental since eastbound traffic normally exceeds that headed west, and the movement of NP rolling stock onto foreign lines is always greater than its own traffic freight cars of other roads.

Net joint facility and equipment rental income has averaged close to \$3,000,000 annually over the past decade. The source of income from here on, it is estimated, may well equal more than a third of the present lessened fixed charge burden.

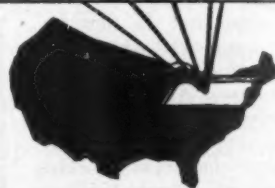
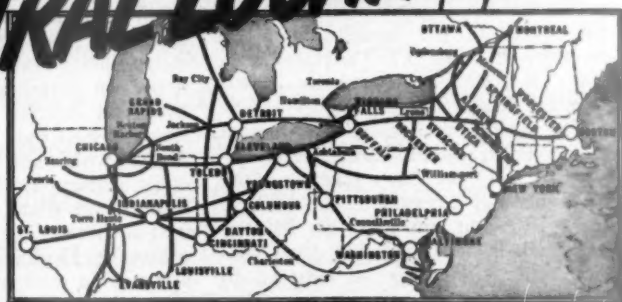
As with most other roads, NP improved NP's peak war-year. It was able to report earnings of \$25,520,000, or \$10.29 a share. However, NP may prove one of the few carriers with greater earnings in 1945 than in 1944.

• **Tax Credit**—It has a tax credit taken on the \$8,100,000 premium ab-

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NEW YORK CENTRAL

THE WATER LEVEL ROUTE



BUY VICTORY BONDS

par it must pay to call its 6s for redemption, and some Wall Street rail authorities wouldn't be surprised if this year's final net runs close to \$20,000,000 compared with 1944's \$13,000,000 of profits after all charges.

On the New York Stock Exchange, NP shares, on which a \$1 annual dividend has been paid since 1943 (following a long drought), have sold at as high as \$35.62 this year. They are now selling for around \$28.

• **Marginal?**—Wall Street rail authorities, on the whole, aren't so sure that NP can yet be considered clearly out of the marginal class. However, they see enough factors to warrant an optimistic attitude toward the road in the months ahead.

In many such quarters, considerable respect for NP president Charles E. Denney is expressed. It is generally agreed that in six years he has brought the property up to the highest point of efficiency in its history.

NEW LEVY ON UTILITIES

Big utilities will keep a watchful eye on Akron, Ohio, for the next few months. The Akron city council has just voted an "inspection and supervision fee" of 1% against gross local revenues of Ohio Bell Telephone Co., and 1% on a similar basis against Western Union Telegraph Co.

The East Ohio Gas Co. is due for the same treatment shortly. Tax collectors expect the city's take from the three utilities to run to \$100,000 a year. If Akron can make its fee system stick in the inevitable court contest, other cities may be tempted to follow its example.

City fathers argue that the new fees are designed to compensate for supervision and inspection of underground cables in the streets of Akron. Utilities will fight the levy on the grounds that it is an arbitrary and unreasonable tax. They consider their chances of knocking the tax down fairly good, since the state supreme court killed a similar levy, imposed by Columbus, Ohio, some years ago, on the grounds that it was excessive.

The showdown probably will come in January, when the city is to inspect the books of the companies to determine their assessment. The companies can throw the case into court by refusing to permit inspection. Ohio Bell probably will be the one to handle the test case.

Akron is prepared to be tough about enforcement, however. The ordinance provides for a fine of \$200 to \$300 a day for failure to permit examination of the books and a fine of \$200 a day for each day of delinquency.

Steel Merger

American Rolling Mill Co., owner of 60% stock interest in Rustless Iron & Steel, plans to absorb company completely.

American Rolling Mill Co., which has a 60% stock interest in Rustless Iron & Steel Corp., the largest exclusive manufacturers of stainless steel, is now taking steps to absorb the latter completely through an exchange of stock on a par-for-par basis.

• **Working on Agreement**—According to Charles R. Hook, Armco president and Rustless chairman, directors of both corporations are now preparing an agreement covering such a deal, and stockholders will soon be asked to give their assent. The merger is expected to be made effective as of the 1945 year-end, and it is the present intention to continue operating the Rustless Iron & Steel plant in Baltimore as American Rolling Mill's Rustless Iron & Steel Division.

Both the Armco and Rustless organizations have been engaged in the manufacture of stainless steel products for some time. Their activities, however, have been complementary, not competitive, since Rustless produces exclusively stainless steel rod, bar, and wire, while Armco, which has long purchased most of its stainless steel ingot requirements from its associate, has always specialized in sheets.

• **Earnings Decline**—Rustless reached its war-peak in sales in 1943, and volume

in 1944 dropped about 14% to around the \$28,300,000-level. Net earnings slid off from \$2,236,000 to \$1,832,000. Armco's net was \$5,068,000 in 1944, or about \$1,000,000 under 1943. However, its sales crossed \$200,000,000 for the first time. Wall Street, although merger-conscious these days because of the recent trend in that direction, was caught somewhat off base by this development. Shortly before the announcement on the New York Stock Exchange, Armco's shares were commanding around \$24 and Rustless stock was bringing only \$21.

JAHCO REDEEMS STOCK

Jack & Heintz, Inc., Cleveland firm whose unorthodoxy has amazed and annoyed conservative competitors, this week redeemed \$12,500,000 of 5% preferred stock which it had sold to its employee "associates" (BW—Sep. 24, p106).

William S. (Bill) Jack, the president, told his working force that he could not risk the use of their money in the face of the uncertainties of the peacetime industrial outlook. In lieu thereof he announced that a basic wage of \$1.05 per hour would prevail in the company's plants, and that a profit-sharing arrangement would be introduced whereby about 62½% of all profits after taxes would be shared by the company with the associates.

FAIRMONT EXPANDS

In its first postwar expansion, Fairmont Creamery Co. of Omaha, already a nationwide operator in the poultry,

General-Mansfield Tire Deal Indicated

Signs are multiplying that a deal will soon materialize whereby General Tire & Rubber Co., Akron, will take over the Mansfield Tire & Rubber Co., Mansfield, Ohio.

• **Needs One Percent**—Already the owner outright of 25% of the stock of the Mansfield company, and with another 25% under option, indications are that General Tire & Rubber will, by the first of the year, have acquired an additional one percent of the stock.

Mansfield is older than General and has a capacity of 7,500 tires daily. Net sales in 1944 were \$25,076,000. The company has for years been the second largest builder of private brand tires, with mail-order houses among its better customers. It also

produces tires under its own name.

• **New Field for General**—By purchase of Mansfield, General will be getting into a new field of tire merchandising, since its own output of tires and tubes has always been marketed through company dealers.

Never having had contracts for supplying tires for new automobiles at the factories, General, along with several of the other smaller rubber companies (Sieberling, Pharis), sees an opportunity of reaching the new car buyer in the announcement that new cars coming from the manufacturers will not be equipped with a spare tire. This is expected to give dealers a chance to break into a market heretofore denied them for a year or more of the life of a new car.

Many Re-conversion Office

* RECORD-KEEPING SYSTEMS



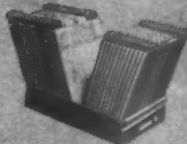
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INVESTMENT BANKING

39 BROADWAY

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dairy products, and ice cream fields, has stepped out to strengthen its position in eastern markets.

Early this month Fairmont announced the acquisition, for around \$1,600,000, of Imperial Ice Cream Co. of Parkersburg, W. Va., whose Imperial brand of ice cream, milk, and cream has long been well known in a six-state area. Imperial is also a large jobber of candy, as well as a distributor of Pepsi-Cola. By the deal Fairmont now operates in 22 states.

The purchase will be financed by around \$1,100,000 in cash, and 16,039 shares of Fairmont's common, worth about \$500,000. Approximately \$1,000,000 of the purchase price was for plants and equipment, the remainder for accounts receivable, materials, and supplies.

Fairmont's common recently was traded over-the-counter at around \$28, and recently had a book value of \$31 a share. In its last fiscal year, Fairmont reported sales of more than \$79,000,000 and net profits of nearly \$1,100,000. Total assets on Feb. 26, 1945, were close to \$20,000,000.

REALTY TITLE STRIKE

The vital position many employees in banks and other financial organizations occupy in the general business picture is seldom realized by the public.

In Cleveland, however, a strike of realty title examiners now under way against the Cuyahoga Abstract Co. and the Cleveland Title Guaranty & Trust Co., over demands for a \$6-a-week boost in salaries, is reported to have tied up some \$20,000,000 of property transfers. Much real estate activity has come to a standstill.

Effects of the strike are being felt by the building trades in general. Thomas Lenehan, secretary of the Cleveland Federation of Labor, seeking an agreement permitting the strikers to return to work, reports that both labor organizations and individual members of the trade unions are being badly hampered in efforts to erect buildings or homes. Many of the strikers are women.

P. S.

Purchase of the bankrupt Alton Railroad by the Gulf, Mobile & Ohio, which will create a new rival to the Illinois Central, has been approved by the Interstate Commerce Commission, at Wall Street had been expecting (BW-Sep. 8'45, p70). Only the approval of the U. S. District Court in Chicago is needed now to consummate the merger, creating a line extending from Chicago to Mobile and New Orleans, and having an entry into St. Louis and Kansas City.



FROM IRON HORSE TO IRONING ...

The giant rolling mill that flattens out steel for boiler plate and the household mangle your wife uses to iron sheets or table linen may not seem to have much in common. But the underlying principle of both machines is the same. Each employs rollers seated in anti-friction bearings — bearings such as are made by SKF.

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THE RIGHT BEARING FOR THE RIGHT PLACE



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6006

PRODUCTION

Crosley Gets Taylor Engine

Coast inventor's ideas for low-cost, high performance powerplant become the exclusive property of Cincinnati car maker. Deal has stirred speculation on possible use in Kaiser-Frazer automobile.

Some 15 years ago San Franciscan Lloyd Taylor worked out what he thought was the answer to one of the dreams of internal combustion men—a powerplant made of sheet metal stamping and bar stock and tube sections, intended to be turned out as fast as doughnuts and, in a way of speaking, as cheaply.

• **A Hard Road**—Taylor, who worked on Miller racing car engines, found the road to acceptance of his idea a long and hard one. Aircraft and automobile engine makers were highly interested in the possibility of eliminating costly machined components, but did not quite warm up to the Taylor creation. Now, however, Crosley Motors has made a deal with Taylor Engines, Inc., giving the Cincinnati car maker all rights to the powerplant for both manufacturing and sublicensing.

While planning is carefully guarded, the engine is now believed to be in production in a 30-35-hp. model size to go into the cars Crosley will build.

• **Some Important Factors**—Success for this engine, which means low production cost as well as high performance, can well depend on production quantities and accuracy of manufacture.

Tooling up to build it is expensive. The large number of parts required call for a profusion of dies, always costly. Runs would have to be substantial to amortize die costs on a reasonable basis.

Unless these parts are produced to manufacturing tolerances finer than 0.001 in. or so, a major production stumbling block can be imagined. If more is required on the stampings or die castings of the engine than touching up with a hand grinding wheel, the obstacle could well be serious.

• **What Is Involved**—The concept is simple and logical. Flat sections of the motor are out of ordinary low carbon steel in press stampings. Combustion chambers are steel tubing sections. Crankshaft and bearings are ordinary molybdenum bar stock, which is worked on standard automatic machines.

These parts are assembled in a jig and copper wire laid between them. The assemblage is then sent to a brazing furnace for joining in a hydrogen at-

mosphere. Cylinder liners are then shrunk into place.

• **Weight-Saving**—Because the bulk of the traditional automobile engine crankcase and block is eliminated, and because of other weight-saving measures, the finished product has a weight-horsepower ratio comparable with aircraft engines.

As against the customary 5-to-1 or 4-to-1 ratio of car engines, the original model, completed in San Leandro in 1941, delivered 26 hp. and weighed little more than 30 lb.—a ratio of about 5 to 4. Since then, gossip has it, one hp. per lb. of weight or better has been achieved on larger models.

• **Explored by Services**—The services were extremely interested in the development during the war. The Army is understood to have gone to considerable lengths to try to adapt it to the Weasel

cargo carrier developed by Studebaker. The Navy installed samples in Navy PT boats as auxiliaries. The Army Air Forces looked into the possibility of using it for auxiliary power on aircraft.

Powel Crosley, Jr., became interested in the powerplant during the war. He joined in the Navy experimental work and is said to have put considerable money into it.

• **With All Rights**—As result, Crosley emerges today as the licensee, with all rights for stationary, marine, and aviation purposes. The motor, it is pointed out, can be built in practically any size simply by the addition of more cylinders at the end of the line.

West Coast gossip about the engine concerns itself today not only with the Crosley tie-up, but also with the possibility that the unit may find another market for itself as a propulsion means for the Kaiser car under development by Kaiser-Frazer Corp. (page 19).

• **The Taylor?**—The Kaiser experimental model inadvertently exposed a fortnight ago in Vancouver carried a small powerplant whose characteristics indicated it might have been the Taylor.

Conceivably Crosley, planning to produce in the sub-low price class, perhaps \$500 or less, could find it profitable to license use of the engine to Kaiser-Frazer for installation in a car which would sell noncompetitively several hundred dollars higher.



CANNED CANNON PROGRAM EXPANDS

A new war industry that may offer employment to multitudes of workers laid off by cutbacks is the Army's program of "canning" weapons for outdoor storage instead of having to put them into warehouses (BW—Aug. 4 '45, p68). First of the M-18 tanks to be so stored under a contract with Goodyear Aircraft are readied for packaging at Akron (above). This is part of the Army's project for sealing 10,000,000 tons of guns, tanks, and other weapons in steel or aluminum containers, in order to preserve them for future sale—or use.

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Radar Barrage

Tiny fuze causes shell to explode when near target—troops or planes. War secret has peacetime applications.

Another major secret war development that will have important peacetime applications was revealed last week with the description of the variable time (VT) fuze, a five-tube miniature radar set carried in the nose of artillery projectiles to cause them to explode over the heads of enemy troops—or near an enemy plane.

The billion-dollar project, sponsored jointly by the Army, Navy, and Office of Scientific Research & Development, ranks along with the radar and atomic bomb programs.

• **Timing Device**—Ordinary shells, bombs, and rockets burst either on contact with the target, or under the control of an intricate timing device which is set before the projectile is released. The VT fuze is a timing device, too, but it causes the explosion as the shell arrives in the near vicinity of the target. Hence it is independent of errors

in calculating distance from the target.

The VT fuze permits the deadly "air burst," an explosion from 10 ft. to 100 ft. above the ground. Such bursts scatter shrapnel over a wide area and make men in fox holes vulnerable. VT shells which did not pass close to a plane did not explode but fell unseen.

• **Proves Effective**—One of the war's best kept secrets, the VT fuze was fully developed in the middle war years. Authority for its use in battle was first confined to the Navy, in sea engagements, so that dud shells would fall into the water and not into enemy hands.

First use over land was to shoot down buzz bombs in England, where duds would fall on friendly soil. In this, the VT fuze plus radar control of anti-aircraft guns proved a winning combination, being 96% to 100% effective in the latter stages of the V-bomb offensive.

Finally, with the end of the war in sight, permission was given to shoot VT-fuzed mortar and howitzer shells directly at the enemy during the Battle of the Bulge. Prisoners said that it was the most demoralizing artillery fire ever experienced by German troops.

• **Rugged Circuit**—The fuze, no larger than a pint milk bottle, is essentially

a radar set, since it works on the reflections of radio signals sent out continuously by the shell and reflected as it approaches the near vicinity of the target. As the shell comes closer to the target, the reflected signal grows stronger. The projectile is finally detonated by the fuze when the returning signal reaches sufficient strength. It has safety devices designed to keep shells from being discharged prematurely.

Primary technical problem, solved only by the Americans and British, was to provide a radar circuit sufficiently rugged to stand the shock of being ejected from a gun. The fuze had to withstand a jump in velocity of from zero to 2,000 mi. an hour in a space of 10 ft., while at the same time spinning at the projectile's rate of 25,000 r.p.m.

The Germans solved the problem in rockets and bombs, which accelerate gently, but they did not use them against the United States, and they frankly admitted that they considered the gun-type VT fuze to be an impossibility.

• **Glass Tubes**—The toughest nut for Allied researchers to crack was the anti-aircraft shell, which is accelerated as it leaves the gun barrel by a force equal to 20,000 times the force of gravity. The tubes in the fuze, weighing about one-half an ounce each, thus became in effect 75-lb. weights during the acceleration. The effect of this force on the delicate internal structure would be disastrous in an ordinary tube.

The answer was found in small glass tubes similar to those used in hearing aids. Improvements were necessary, but the basic structure remained the same. Over 130,000,000 tubes were manufactured for the 10,000,000 fuzes needed to keep pace with the expenditure of ammunition. As many as 400,000 tubes were produced in a single day by one manufacturer.

• **Big Industrial Job**—The major research was centered under the general leadership of OSRD, with much of the work being done at Johns Hopkins University. The industrial backing of the project was of major magnitude, and one-third of the prewar tube-making capacity was devoted to it. Among the companies in the VT fuze program—both in research and in production—were Eastman Kodak, Sylvania, RCA, Crosley, and National Carbon Co.

Manufacturing was divided so that only final assemblers saw the finished fuzes, and they didn't know what the product was for.

One of the most perplexing problems was quality control, since no satisfactory way of testing the tubes was found except to fire them in actual projec-



PAPER—NEW FIELD FOR COTTON

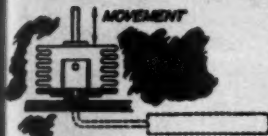
Some relief from the paper shortage may be in sight as the result of a reported new process for making shipping containers out of the hitherto despised cotton stalk. The process was developed by Dr. C. F. Atkins (left) and his associates of John Smith University, a Negro institution at Charlotte, N. C. Experiments were financed by the government under contract from WPB's Office of Production Research & Development and results given commercial tests by the Herty Foundation Laboratory, Savannah, Ga. Reports indicate that the method is fast, requires no new machinery, and gives good quality corrugated paper. OPRD is urging cotton states to make the most of it.

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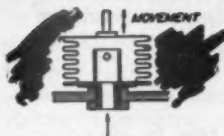
THERMOSTATIC MOTOR

Fig. 1—Thermostatic charge inside bellows to operate switch, etc. Bulb optional.



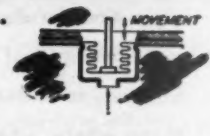
THERMOSTATIC MOTOR

Fig. 2—Thermostatic charge confined outside bellows-cup. Bulb optional.



PRESSURE MOTOR

Fig. 3—Pressure inside bellows converts pressure effects into movement.



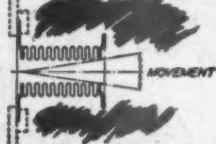
PRESSURE MOTOR

Fig. 4—Pressure applied outside bellows and within cup.



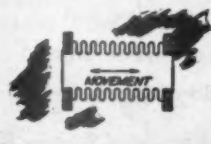
EXPANSION CHAMBER

Fig. 5—Absorbs thermal or pressure expansion.



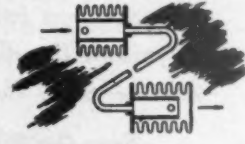
FLEXIBLE JOINT

Fig. 6—Seals flexible joint or mechanical movement of levers, linkage, etc.



EXPANSION JOINT

Fig. 7—Packless construction to absorb thermal expansion of pipe lines.



MOTOR TRANSMISSION

Fig. 8—Hydraulic transmission—motion or power. Applied force may be thermostatic or mechanical.



IT'S NEW!

IT'S USEFUL!

SHOWS NEW SIGNS
IN FULL COLOR

SEE what others
are doing!

YOUR COPY AVAILABLE

SOON!

Send in your reservation NOW!

Advertisers! . . . Agencies! . . . Merchandising men! This new, full color Decalcomania Sign Ad-Visor is packed with suggestions for dealer and product promotion and identification! A limited number will be ready for distribution soon. Brochure shows where, when and how to use Decal point-of sale signs, suggests unusual designs and treatment. Cash in on "side-walk circulation" and "store-traffic" sales possibilities with colorful, lasting, low cost Meyercord Decals! Reserve your Sign Ad-Visor today. Please address Dept. 2-9.

Bring Our Boys Home . . . With Victory Bonds!

THE MEYERCORD CO.

World's Largest Decalcomania Manufacturers
3223 WEST LAKE STREET • CHICAGO 44, ILLINOIS

SEE WHAT YOU
CAN DO!

THIS BOOK
SHOWS YOU



tiles, and to adopt statistical sampling methods in order to find and weed out failures.

• **New Uses Foreseen**—Development of the VT fuze is expected to lead to a sign of much smaller radio receiver sets—possibly pocket sets no larger than a package of cigarettes—as well as easily portable walkie-talkies.

Benzene Rubber

One unit of butadiene produced at Kobuta, Pa., may be converted to use coke byproduct in production of synthetic.

If an agreement can be reached with the Reconstruction Finance Corporation, Koppers Co., Inc., proposes to use benzene as a base in the production of butadiene at the big Kobuta (Pa.) plant down the Ohio River from Pittsburgh. • **Partial Conversion**—Koppers, which has been operating the butadiene plant, an important cog in the production of synthetic rubber, suggests converting one of four units from an anthracene base to one utilizing benzene.

The transformation would require the expenditure of several million dollars, according to unofficial estimates. Whether the government or the company would put up the money for conversion would depend on the agreement worked out.

• **Is Economically Feasible**—Industry sources believe that butadiene can



TO FIGHT FIRES OF PEACE

Trainees at Fort Lewis (Wash.) fighting school shoot streams of water from a modern fire truck aboard a converted LCM (Landing Craft, Medium). The effective demonstration of the LCM "fireboat" suggests possible time uses for this craft in fighting fires that are inaccessible by land.

produced from benzene as cheaply as from petroleum, and cheaper than butadiene from grain alcohol, unless very cheap alcohol again becomes available in large quantities.

These sources contended that the price of synthetic alcohol would have to decline 5¢ to 6¢ below the prewar price of 20¢ to 25¢ a gallon before the alcohol process could compete with the benzene process.

While it is believed that sufficient synthetic alcohol, obtained from various gases, instead of from grain or molasses, eventually may become available at low cost, it was pointed out that synthetic alcohol producers are now thinking that it might be more profitable for them to use it themselves in the manufacture of chemical products.

• **Coke Byproduct**—The benzene process was said to be comparable with that of alcohol and petroleum. However, different catalysts are used, and pressures and temperatures also differ from those employed with alcohol and petroleum bases.

Koppers believes that the use of benzene, a product of coal distillation, would make for healthier competition in the industry. It would provide a market for much of the benzene that is produced at byproduct coke plants in the Pittsburgh district as well as elsewhere.

It had been planned originally to use a benzene base at the Kobuta plant, but the need for benzene in the production of aviation gasoline made this impossible during the war.

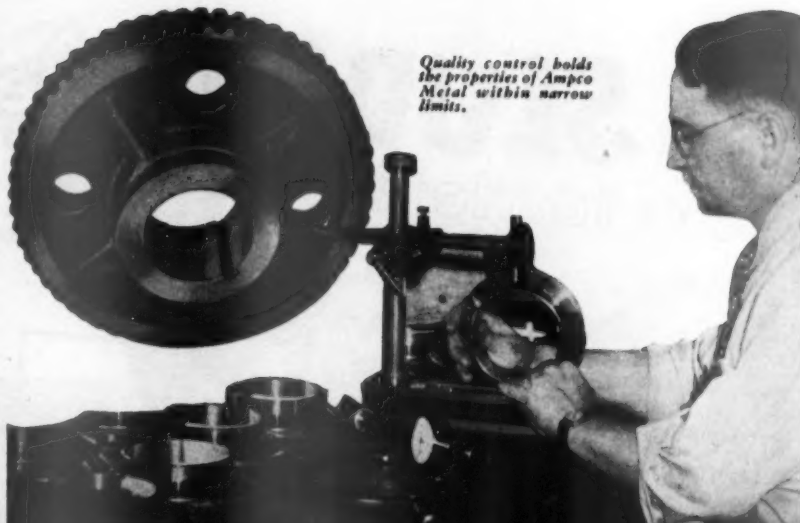
RFC already has given the company permission to convert one unit of the plant to the processing of byproduct chemicals.

ELECTRONICS EXPANSION

The nation's two largest electric manufacturing concerns—General Electric Co. and Westinghouse Electric Corp.—are taking steps to expand their operations in the electronics field.

At Syracuse, N. Y., G.E. will build a \$10,000,000 "Electronics Park" as headquarters and major operations center for its recently created electronics department. Factories, offices, laboratories, and accessory structures aggregating more than a million square feet of floor space will be erected on a plot covering 155 acres.

In Los Angeles, Westinghouse opened a high frequency laboratory to aid western industry on problems involving use of induction and dielectric heating. This is believed to be but one step in a development program that eventually will lead Westinghouse into the electric home heating business on the Pacific Coast (BW—Aug. 11 '45, p. 84).



Quality control holds the properties of Ampco Metal within narrow limits.

Not a single alloy but a whole series of alloys . . .

Ampco Metal is your Metal

. . . alloyed to protect your equipment against costly failures

Conditions of wear, impact, fatigue, corrosion are alike only in that all are tough on metals — including ordinary bronzes. Each calls for an alloy within a specific range of hardness — in addition to general ability to stand up. That is why Ampco Metal is made in six grades — each suited to a definite type of work.

. . . and you can depend on getting these precise physical properties, in all grades and their several modifications, every time — for Ampco quality control is unique in its elaboration of detail, its closeness of supervision, its persistent watchfulness over all the output, not just occasional samples.

Over 30 years of specialized "know how" goes into every Ampco Metal part. Seasoned engineering service is available to study your needs and to fit the alloy correctly to the job.

War experience teaches that engineered materials are here to stay. Competitive standards of mechanical performance are higher today. How about yours? Consult the nearest Ampco field office.

Write for bulletins.



A-18

Specialists in engineering, production, finishing of copper-base alloy parts.

Ampco Metal
The Metal without an Equal

Ampco Field Offices in Principal Cities

AMPCO METAL, INC., DEPT. BW-9, MILWAUKEE 4, WIS.

SLUDGE here

is a tattletale...

WARNING YOU
THERE'S...

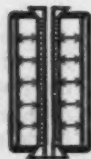
SLUDGE
FORMING HERE

**Engine Destroying, Power Wasting Sludge
MUST be STOPPED from being BORN!**

WHAT you SEE on your oil filter cartridge is also in your engine! That's why it's so important that you watch that tattletale filter cartridge... it tells you what is going on inside your engine.

Remember, too, that sludge in a filter cartridge is no indication of filtering efficiency. The most important thing a filter can do is to get at the sludge, etc. before it can be born! DeLuxe does this by removing the asphaltenes and other elements before they can combine to form sludge, varnish, resins, etc.

Of interest to car owner, fleet operator, industrial executive and engine manufacturer is the complete story of DeLuxe, the oil filter that is more than a "sludge catcher" but a "sludge preventer". WRITE FOR FREE BOOKLET TODAY. DeLuxe Products Corp., 1425 Lake Street, La Porte, Indiana.



LONGER OIL TRAVEL
is an important essential to DeLuxe Oil Cleansing. In DeLuxe, the oil goes the long way from bottom to top, instead of the short travel route from side to center or center to side.

DELUXE Oil Filter

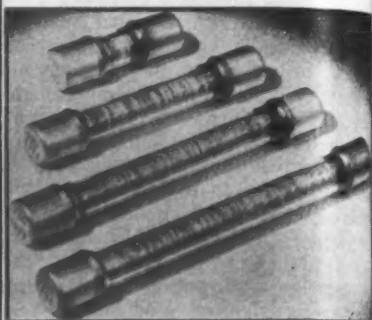
DOES MORE THAN STRAIN OIL... MORE THAN FILTER OIL
ACTUALLY CLEANSES OIL

Also manufacturers of Cast Iron Pistons of special lightweight design; standard equipment with over forty manufacturers.

NEW PRODUCTS

High-Voltage Rectifiers

No larger in diameter than a fountain pen and having the general appearance of a cartridge fuse, new High-Voltage Selenium Rectifier stacks are being



hermetically sealed in glass by the Federal Telephone & Radio Corp., Newark 1, N. J. They are ready in four voltages—1,000, 2,000, 3,000, 4,000 (top to bottom)—all with silver-plated ferrules of a size to permit quick mounting in 30-amp. fuse clips.

Purpose of the stacks is to convert low amperages of alternating current into direct current for the cathode ray tubes that will be used in postwar television and the innumerable other electronic devices that require high-voltage low-current rectifiers.

Stretcher Accessory

Last year the E. D. Bullard Co., 270 Eighth St., San Francisco 3, brought out the 16-lb. H-M Folding Stretcher which is compact enough to be carried on a rescue worker's back yet stretches out quickly into a strap-equipped carrier capable of bringing a heavy accident victim out through a manhole or other constricted place (BW-Apr. 8, 1946, p. 74). Now the company is announcing the new Teeter-Toter Attachment for the stretcher which is said to add little weight. Purpose of the accessory is to provide a fulcrum for the method of artificial respiration which raises and lowers the head and trunk of a prone victim in the manner of a seesaw to restore lung and heart action.

Portable Washer

A new item of portable equipment for the traveler or dweller in constricted quarters is the Electronic Washing Machine, developed by the Menasco Mfg. Co., Burbank, Calif. Since the newcomer weighs but 15 lb. and comprises only a small tub, a

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29, 1945

a motorized washing unit, it can be parked almost anywhere—with pots and pans in a kitchenette or with the luggage in a car. Capacity of the machine is said to vary with types of laundry. Sample loads include: (1) 12 pieces of women's lingerie; (2) 8 diapers and 8 face towels; (3) 4 or 5 men's unshirts or shorts.

Portable Air Supply

The walk-around bottle of life-sustaining oxygen which permitted a high-altitude military flyer to leave the supply of piped oxygen at his station and stretch his legs from time to time is entering peacetime employment as a new carrier of air, not oxygen, for breathing in fume- and gas-filled locations. One such bottle and its accompanying equipment will be known as the Scott Air-Pak, manufactured by the Scott Aviation Corp., Lancaster, N. Y.

It consists essentially of a rubber Willson gas mask with shatterproof plastic lenses, a metal bottle of compressed air, a demand-type regulator, a pressure gage with luminous figures to show the exact amount of air in the cylinder at all times, suitable hose con-



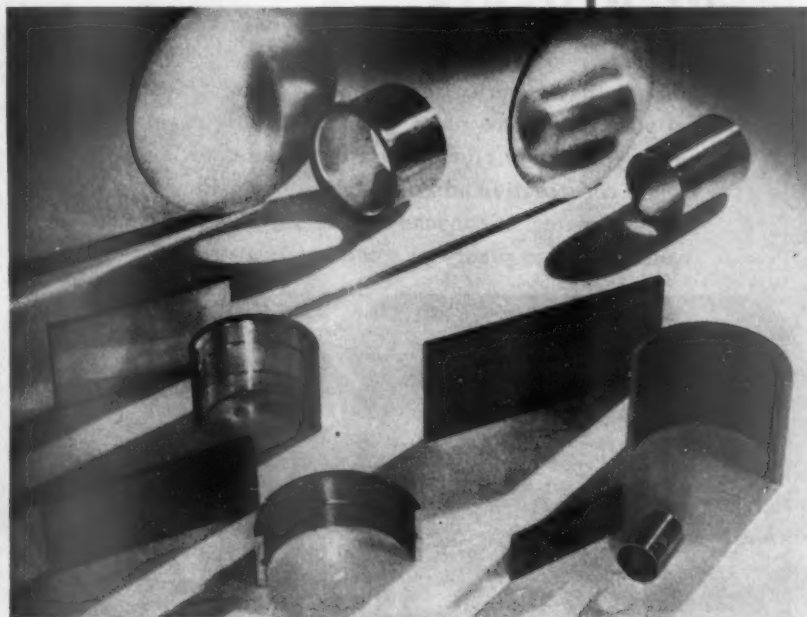
nections, and a comfortable quick-acting harness for the wearer. The safety device will come in two models: (1) a sling type that can be quickly donned for emergencies in chemical laboratories, refineries, and other locations having more or less hazard (above); (2) a pack model for the back with a larger air bottle for fire fighters, tank car cleaners, miners, granary workers, and so on. Both are equipped with a "quick-connect," said to be exclusive with Scott, which permits a wearer to conserve compressed

Better Results

WITH

Follansbee

CLAD METALS



BEARINGS are but one of numerous products for which Follansbee Clad Metals provide highly desirable characteristics. Leading manufacturers of bearings, for example, are using Follansbee Silver and Copper Clad Steels to increase capacity and fatigue life. These bearings are performing superlatively under the severe conditions imposed by aircraft, automotive and marine engine use.

These and other combinations of Follansbee Clad Metals offer excellent potentials in such widely diverse products as Cooking Utensils, Electrical Contacts, Chemical Mixing Vats, Industrial Heating Vessels and Heat Exchangers.

If you are interested in exploring the possibilities of improving your products through the combination of two or more metals, you are invited to make use of our Clad Metal facilities. Just direct your request to our General Offices.

↓
**Silver, Copper,
Copper Alloys
on Carbon or
Alloy Steels
Stainless Steel
on Copper
or Steel**

**OTHER
COMBINATIONS**

**Nickel and Silver
Silver on Brass
or Other
Copper Alloys**

FOLLANSBEE STEEL CORPORATION

GENERAL OFFICES • PITTSBURGH 30, PA.



Sales Offices—New York, Philadelphia, Rochester, Cleveland, Detroit, Milwaukee. **Sales Agents**—Chicago, Indianapolis, Houston, St. Louis, Kansas City, Nashville, Los Angeles, San Francisco, Seattle; Toronto and Montreal, Canada. **Plants**—Follansbee, W. Va. and Toronto, O.

ALLOY BLOOMS & BILLETS, SHEETS & STRIP • CLAD METALS • COLD ROLLED CARBON SHEETS & STRIP
POLISHED BLUE SHEETS • ELECTRICAL SHEETS & STRIP • SEAMLESS TERNE ROLL ROOFING

THE BEST LOCATION FOR PLANTS EMPLOYING UP TO 100 WORKERS

The friendly, native-born people in Georgia's excellent small towns make up a reservoir from which to draw intelligent workers, adaptable and easily trained. Their

THE SMALL TOWNS OF GEORGIA

American tradition of fair play is bred-in-the-bone and they have a deep-rooted

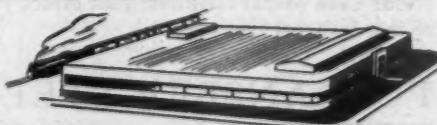
conviction that an honest day's pay deserves an honest day's work. In the small towns of Georgia you will find plenty of elbow room, plenty of sunlight—a mild, year-round climate that contributes to lower construction and production costs. Raw materials for many types of industry are close at hand. There is plenty of good soft water . . .



dependable electric power at low rates . . . excellent transportation facilities. Georgia has a sound tax structure—a balanced educational system—a fine highway system and recreational facilities from the mountains to the seashore.

Our staff of industrial engineers has assembled accurate data on favorable industrial sites in the small towns of Georgia which are especially attractive to smaller plants employing up to one hundred workers.

Write Industrial Development Div.,
GEORGIA POWER COMPANY,
Atlanta, Georgia.



**PLANT the Future in
GEORGIA**

air by breathing everyday air through the open end of the mask hose until he enters a danger zone.

Undersea Camera

Naval censorship is permitting release of a few details, but as yet no photographs, of a new Undersea Camera, developed by Photo Utilities, Inc., 10 W. 33 St., New York 16. During the war it was used to photograph sunken vessels and planes at various depths down to 225 ft., antisubmarine nets, mines, and the contours of sea bottoms. In peace it is expected to find wide use by cable companies, salvage specialists, cartographers, ichthyologists and other undersea operators.

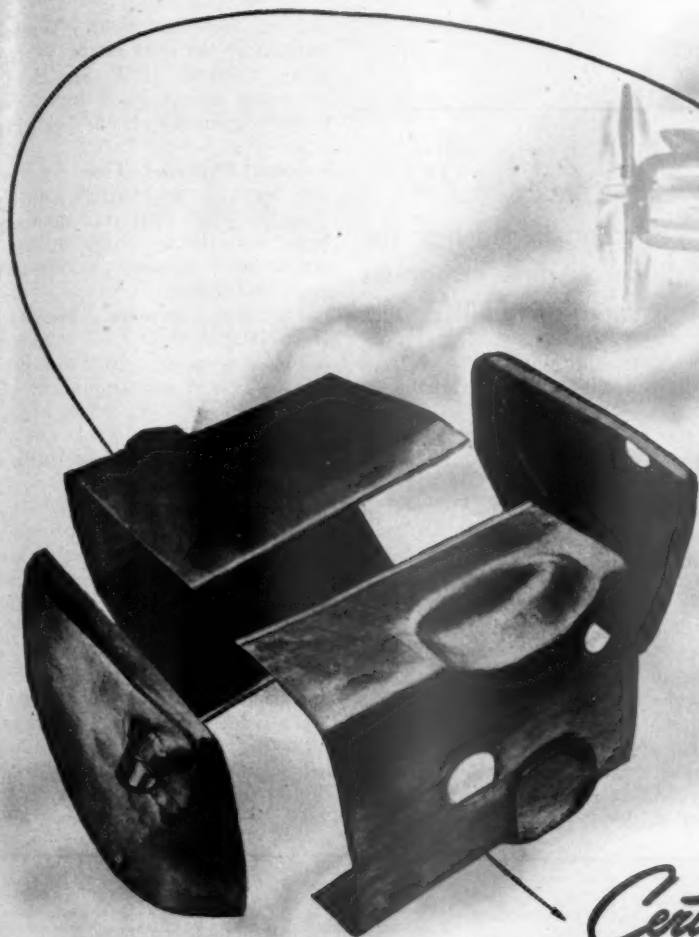
A dome-shaped aluminum pressure case protects the camera's automatic Graflex film-transport system, wide angle-lens, and synchronized shutters from damage by water. The instrument, which is controlled electrically in synchronism with submerged flash bulbs, can be operated from the surface or carried and operated by one diver.

THINGS TO COME

From packaged coughdrops and soda crackers to packaged power plants and air-conditioning systems, the evolutionary course of modern merchandising has pursued its sales-expediting way. Newest packaged unit, scheduled for distribution in the near future, will be a complete airport radio station ready to plug into the nearest electrical outlet, hook to an aerial, and start functioning.

Designed for point-to-point or ground-to-plane communication and tower control work, the new 50-watt station will require neither dialing nor tuning. Each radio band, or channel, will be controlled by a quartz crystal of identical frequency, the latter being operated by a push-button.

• Polished rice may soon return to the good graces of nutritionists. The same polishing operation that is held responsible for removing vitamins from the surfaces of rice grains may be used to put at least one of them back in. A newly patented process dissolves thiamin, or vitamin B₁, in the aqueous dextrin-glucose syrup normally used in polishing. The nutrient is said to be so permanently affixed to the grains that no vitamin losses are reported in test samples of such rice after a year in storage.



Here's how American Magnesium
is building 40-gallon Oil Tanks
for P-47N Thunderbolt fighters.

Certainly ... **MAGNESIUM SHEET HAS FORMABILITY**

It took a heap of squeezing, many humps and hollows to fit this 40-gallon oil tank into a former 28-gallon tank space. Magnesium sheet has the formability to do the job.

American Magnesium's more than twenty-five years' experience in working with magnesium provides real know-how. Mazlo Magnesium sheet can be successfully formed cold, warm or hot, depending upon the design

of the part involved.

American Magnesium will gladly share the know-how gained through its many years of designing, manufacturing, and assembling magnesium parts. For this assistance we invite you to write Aluminum Company of America, Sales Agent for Mazlo Magnesium Products, 1711 Gulf Building, Pittsburgh 19, Pennsylvania.

MAGNESIUM



PRODUCTS

AMERICAN MAGNESIUM CORPORATION

SUBSIDIARY OF ALUMINUM COMPANY OF AMERICA

MARKETING

For Advertising: Palmy Days

General business boom, with an accompanying high demand for space and time, is expected. Some wartime categories will drop, but increased product copy is counted on to fill the gap.

The advertising fraternity went into the war expecting the worst. It is coming out expecting 60,000,000 jobs—and all that that implies for advertising revenue.

• **Wartime Fears**—In 1941 U. S. advertisers, media representatives, and agencies saw total war reducing advertising lineage in Britain to little more than a memory. They feared that the Treasury would not allow advertising costs as a deductible item from wartime taxes. They looked forward to a dearth of products to advertise, with such goods as remained on the market so price-controlled, grade-labeled, and standardized as to leave little or no room for advertising.

Always self-conscious about its relations with the government, the trade

expected, in addition, that such wartime bureaucrats as Leon Henderson, the first U. S. price controller, would seize the national emergency as an excuse for curtailing advertising (BW—Nov.22'41,p41; Oct.11'41,p14).

• **Didn't Materialize**—Virtually none of these fears was realized. After a brief slump early in 1942 advertising went on to establish new records. When advertising of some goods sagged (automobiles, household appliances), other advertising (food, drugs) filled the gap. Institutional advertising (stimulated, at least in part, by federal regulations classifying advertising costs as deductible expense items in computing excess-profits taxes) proved a bigger bonanza than anyone had dreamed. With its potential detractors busy elsewhere

and its relations with Washington warmed by the work of the War Advertising Council (BW—Sep.22'45,p94), the trade found itself higher in the public esteem than it had been in many years.

• **Boom Expected**—This wartime experience, plus the conviction that advertising, to whet consumer demand, is a prime essential in a high-income, high-employment economy, account for today's bullishness.

Advertising men see a boom coming (BW—Aug.18'45,p13,15), and when business is good, advertising is good. (Because most campaigns are planned months in advance, advertising tends to lag behind the general business trend; it is a little slower to rise, a little slower to slump.)

In the past, there has been a close correlation between advertising expenditures and such general benchmarks as national income, retail sales, and consumer expenditures. During the war these relationships no longer held good. Advertising outstripped the level of the thirties, but shortages of merchandise and paper kept the gains in total advertising volume well below those of most other business indexes. If estimates of a gross national product of 165 billion dollars in 1946 hold good (BW—Sep.1'45,p9), national income will hit about



LITTLE PLANES IN BIG STORES

Evidence that department stores and plane makers are getting together in an experimental promotion-sales partnership is the Piper Club display (left) at Mandel Brothers' Chicago store. Philadelphia's Wanamaker will have one soon, and another is rumored for the Manhattan store. R. H. Macy, New York, is readying (right) to sell another personal plane, the Ercoupe, which also will be

marketed in Chicago by Parks Aircraft Sales at Marshall Field. Mandel is taking orders on the Piper for spring delivery. A customer may pay cash, charge the plane to his account, or arrange for deferred payments. As an added persuader, flying instruction is thrown in. How the partnerships will pan out is anyone's guess. When Parks formerly sold Ercoupes at Mandel's (BW—Mar.3'45,p88), the plane was a come-on to the store's sportswear. Now Mandel's separate airplane department is a fait accompli.

Macy's the world's largest store, with a number of departments being given distinctive new coordinated department plans

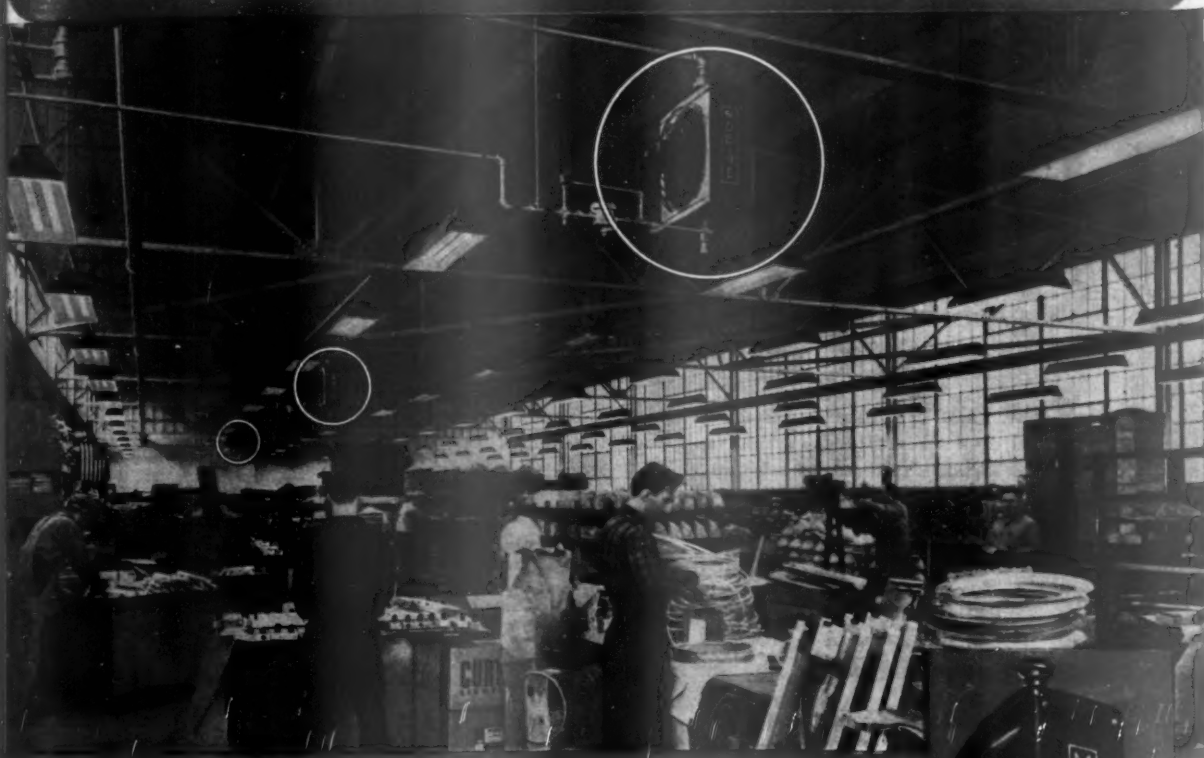
Ercoupe

at \$24,995. An air machine. Stronger in its line than previous planes... and the best value for your money.

What the Ercoupe can do for you is a matter of fact. It is the only plane in the world that can be flown by a single person. It is the only plane that can be flown by a single person. It is the only plane that can be flown by a single person.

Modlines

...none of this 'or equal' stuff goes with me!"



Courtesy of Curtis Lighting, Inc.

Quality-built Modine Unit Heaters

Don't compromise on quality. *Specify Modine Unit Heaters.* There isn't any "or equal."



WRITE FOR BULLETINS
145 and 144-A

Modine Unit Heaters

HOW A DISSTONEER SOLVED THE CASE OF MANPOWER SHORTAGE IN TIMBER CUTTING



FEW industries have faced a manpower shortage greater than that of the timberman. Yet despite this handicap, greatly increased production was demanded. The application of new methods or the use of new equipment seemed the only answer.

A Disstoneer had been called in by Army engineers and given the problem of developing a mechanical saw for military use. The solution was found in the Disston Chain Saw, with Mercury Gasoline Engine. Today, thousands of the same time and cost saving saws are used in our forests, in our mines and in many industries.

Operations have been carefully watched and studied. During the same time, additional research was carried on in the Disston laboratories. And now Disston is ready to announce—

The New "G-AY" Model Disston Chain Saw, one of the finest cutting tools Disston ever made. Though unchanged in principle, this new saw has many improvements: added power and important new features... faster, steadier running... increased ease and economy of operation... greater sturdiness... easy to operate... etc.

Another clear-cut case of Disston leadership



***DISSTONEER**—a man who combines the experience of Disston leadership and sound engineering knowledge to find the right tool for you—to cut wood, to cut metal and other materials—and TO CUT YOUR COST OF PRODUCTION—not only on special work, but on ordinary jobs as well.

OUTSTANDING FEATURES OF NEW "G-AY" MODEL

Air Cleaner to keep sawdust and dirt from engine and carburetor.

Fuel Filter (built in gasoline tank).

Die cast cooling fan.

Die cast cylinder, with increased number of fins, providing greater cooling area.

Reduction gear ratio of 3:1

—Provides more efficient chain operating speed.

Positive multiple disc clutch, 13 plates.

Conveniently located throttle may be set in "open" position.

Muffler prevents exhaust from annoying operator.

Equipped with "L" pattern chains.

Equipped with 3-rib protection cradle underneath engine.

And others.



HENRY DISSTON & SONS, INC., 1328 Tacony, Philadelphia 35, Pa., U.S.A.

\$130 billion and advertising should be in for a hefty boost.

• **Back to Product Copy**—Some categories of wartime advertising are obvious casualties of peace. Institutional advertising is bound to fall off, but it will be quickly replaced by product copy. However, "E.P.T." (excess-profits tax) advertising is something else again. Agency men, perhaps wishfully, believe that the wartime volume of this type of advertising has been exaggerated and that it has been mostly confined to such war-swollen industries as aircraft.

• **Lost Accounts Replaced**—The immediate impact of V-J Day on advertising lineage and radio time has been lighter than anybody in the business had expected. The few immediate cancellations in all media (example, the Bend Sin Aviation and Admiral Corp. shows on Columbia Broadcasting System) are being replaced by advertisers who have been cooling their heels on waiting lists.

Aside from the strictly wartime campaigns, most advertisers apparently intend to continue present schedule through the remainder of the year even where the nature of their business makes eventual contraction almost certain. A survey of its membership by the Association of National Advertisers indicates that 63% expect to spend more on advertising in 1946 than in 1944; 32% expect to spend about the same amount; only 5% expect to spend less.

Over the longer pull, prospects stand up about like this:

Food and Drugs: The two biggest advertising categories have waxed ever bigger during the war as food, drug, and toilet goods sales hit new highs, sopping up income that consumers couldn't spend elsewhere. Sales in these fields probably will contract as consumer income drops off (and as reconversion brings competition for the buyer's dollar), and advertising is likely to decrease, too, but postwar prosperity and competition will keep it at a high level. Sales (and advertising expenditures) of food and drugs are less elastic than those of most durable goods, hence are better cushioned against depression although relatively less responsive to good times.

Automotive, Durable Goods: The coming boom here needs no documentation. Advertising in these fields has been on the upswing for some months but the copy really won't begin to flow until early next year when production is large enough to back it up. Among agencies and media there is now an ironic reversal of the trend of 1941-42 when food and drug accounts were frantically courted. There is some opinion in agency circles that strikes causing reconversion delays will keep down advertising budgets in these categories. There is also some, but much less, fear

that the price-wage squeeze will curtail appropriations.

Tobacco: The cigarette shortage and a price squeeze have cut advertising by the industry's big three (BW—Sep. 8 '45, p. 80). Small companies have seized the opportunity to cash in during the shortage of popular brands, but their freer spending hasn't been enough to keep the industry's total advertising volume up. Advertising by the big manufacturers should increase gradually as production rises.

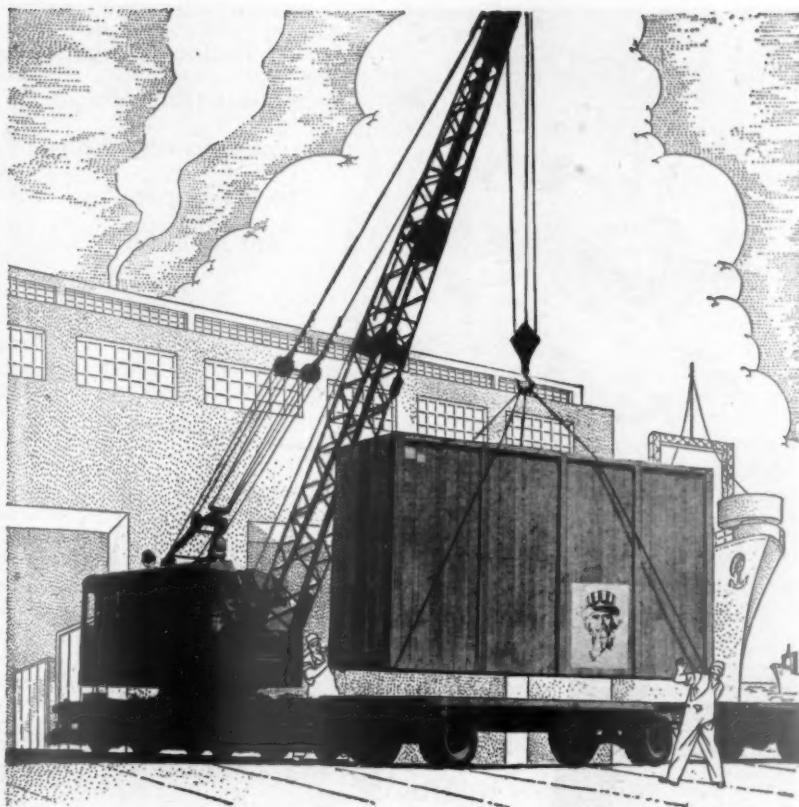
Industrial: Advertisers in this category have surprised everybody by not sharply reducing appropriations. New products, new competition, plus satisfactory wartime experience with advertising, get the credit. Firms which are peace casualties may be replaced by companies which have been held down by shortages, for example, building materials.

Advertisers who have had their fling in the general weeklies, radio, and other mass circulation media, may now be more inquisitive about sales results, putting more emphasis on trade magazines, which they consider proved producers of results—and cheaper.

Individual media, of course, will fare according to how advertising in the fields which have used them most booms, declines, or remains steady.

Radio: The four big networks talk as though radio advertising could only go in one direction—up. But it would seem that network radio, which more than doubled its billings during the war (from \$83,113,813 in 1939 to \$190,691,837 in 1944), finally is bumping a ceiling. Publishers' Information Bureau figures show that for the first seven months of this year, total network revenues increased only 1% over 1944; for the month of July there was a 4% drop from last year's comparative figure. Radio, with its soap and cereal operas, has been the chief beneficiary of the wartime splurge in food and drug advertising, hence can't look forward to as rosy a future as media which customarily depend heavily on automotive and other durable goods. The networks are fighting hard to hold onto the institutional advertising which came their way during the war and are having some success. A couple of straws in the wind: International Harvester makes its debut in network radio with a musical program over NBC; Ford has signed up with CBS for a new program of popular music.

Magazines: Up to now, advertising in most magazines has been limited by lack of paper, not by lack of advertisers. With paper controls lifted, publishers will clean up their backlog of subscription orders, then make room for more advertising. Some are putting the advertising first; advertisers who have been



Lesson in security

Recent years have taught that security must be *planned*.

And that our best hope for lasting peace

is for all nations to *combine* to secure it.

In the world of industry, too, cooperation will ease the burden of restoring the normal interchange of goods.

★ Security of another kind is *seized* by the *method* of transferring the bulky load above. The firm grip of **Yellow Strand Braided Safety Slings** helps protect the contents, simplifies handling, saves time.

With flexible **Yellow Strand Preformed Wire Rope** on cranes and hoists, the flow of materials gets a further boost. For sustained operations, specify long-wearing

Yellow Strand in the patented constructions:

Preformed Wire Rope and Braided Safety Slings.

Broderick & Bascom Rope Co., St. Louis

Branches: New York, Chicago, Houston, Portland, Seattle. Factories: St. Louis, Seattle, Peoria

YELLOW STRAND



PREFORMED WIRE ROPE • BRAIDED SAFETY SLINGS



*If business records
mean nothing to you,
pay no attention
to the paper you
put them on*

If Your...

Accounting Forms
Charts and Maps
Contracts
Executive Correspondence
Instruction Manuals
Insurance Records
Legal Documents
Minute Books
Production and Sales
Records, Reports, etc.

are Worth Keeping,
keep them on **Weston paper**

Weston Cotton Fibre Content Record, Ledger, Index and Bond Papers are manufactured and tested for this purpose only—to provide an efficient and enduring foundation for records *worth keeping*. Weston Papers have what it takes to resist time and hard handling, as evidenced by the fact that the majority of this Country's permanent records of person and property have been entrusted to Weston paper for generations.

It's easy to secure this protection for your valued records. Just make it a rule *if it's worth keeping, keep it on WESTON paper*.

BYRON WESTON COMPANY, Dalton, Massachusetts

Weston

Makers of Papers
for Business Records



waiting for space are suddenly getting it. In practically every category of advertising, magazines have been doing all right in spite of paper restrictions. P.I.B. figures show these lineage increases for the first eight months of the year over the corresponding period of 1944: women's, 17%; generals, 9%; specials, 16%; weeklies, 11%; farm papers, 3%. With the possible exception of farm papers, which may be in for an advertising slump when farm income slides, all groups should continue to do all right, though individual magazines will suffer in a buyer's market.

Thus far there is only one noticeable casualty in the business paper field—aviation magazines have been losing revenue for some months. A compilation by Industrial Marketing shows that total lineage in the business paper field was some 14% higher in the first eight months of this year than in the same period in 1944 (there was a similar gain for the month of August alone). From now on, trade and class papers (aimed chiefly at distributors and other buyers who are hungry for goods) should show lineage gains, while most of the advertising fraternity believe that, with a few exceptions, industrial papers probably have hit their ceiling. Advertisers can expect page-rate increases as the easing in the paper supply enables publishers to increase their circulation guarantees. Publishers will have to keep a weather eye out for new competition (BW—Jul. 14'45, p90). Another point: Advertisers will have to be shown that individual magazines can move goods as well as provide an outlet for prestige copy.

Newspapers: Harder hit than magazines by the paper shortage and largely deprived during the war of the accounts of their biggest national advertisers (the automotive industry), newspapers will make lineage strides as soon as newsprint becomes plentiful (which should be by early next year). National advertising is expected to increase as manufacturers seek a medium to herald the arrival of their reconversion goods in local markets. Financial advertising, curtailed by wartime lethargy of the stock market, is booming. Figures compiled by Media Records covering papers in 52 cities show a total of 2,222,804 lines of financial advertising in July, the biggest July since 1936. Classified advertising will continue to be heavy for some time with workers seeking jobs and employers seeking help.

Television: This is the joker in the advertising deck. For the present, other media are consoling themselves with the thought that (1) it may be a long time before television grows up as a real competitor for the advertiser's dollar, and (2) that advertising via television is likely to be costly.

Nylons Recede

Hosiery manufacturers say yarn deliveries insufficient to maintain production. Trade divided in pricing dispute.

While feminine America waits impatiently for nylon hosiery, the whole hosiery situation is at an impasse. The first rumors that floated out of Washington after use of nylon for hosiery was authorized promised plenty of "nylons by Christmas—maybe by Thanksgiving." But, as yet, nylon hosiery is reaching stores in dribbles.

• **Lower Prices Impending**—OPA has been oiling up its price-fixing machinery, preparatory to reducing the price of nylons. Present retail ceiling schedules, ranging from \$1.55 to \$2.50 a pair (though during the war \$5 wouldn't buy a pair in the black market), were set in December, 1942, when the price of nylons in a scarcity market already had jumped 40% to 50% over year-earlier levels. OPA also cites a wartime decline in the price of nylon yarn—from \$3.95 to \$2.75 a lb. for 30-denier leg yarn for example. Hosiery manufacturers maintain that this has brought them a cost decrease of only 28¢ to 30¢ per dozen pairs—not enough to make any real difference.

Moreover, the manufacturers say, this decrease is swallowed up by higher wage rates and sundry other cost increases. They add that the industry is threatened with serious strikes (page 86) and argue that price cuts should wait until the trade has made its "transition."

• **Trade Divided**—Despite these arguments, the industry is by no means agreed that present price schedules should be maintained. Some manufacturers feel that the industry shouldn't attempt to hold to price levels which reflected an impending scarcity. Some makers of nationally advertised brands would prefer not to return to 1942 prices only to be forced to reduce them a few months later.

Some revamping of price schedules is inevitable. Prewar nylon hosiery was 45-gage and higher quality, the sheerer grades which always have brought a premium price. Now, with yarn capacity vastly expanded during the war and with silk no longer on the market, nylon is being made generally available to hosiery manufacturers, and some 40% of the industry's equipment is for the manufacture of lower-gage hosiery. Since OPA shows no disposition to raise prices, new—and lower—prices will have to be set for lower-gage hosiery

so as to maintain established differentials.

• **OPA Gets Suggestion**—One group in the National Assn. of Hosiery Manufacturers created a tempest in the trade, when it was reported to have submitted a schedule of new prices to OPA, without the knowledge of the general membership.

The impression is that the suggested prices were low enough to average down the present price ceilings. Fearing that the group's proposal would unduly influence OPA in setting its new price schedule, the main body of the association has asked the price agency to hold off a few months. OPA is still gathering cost data, but it is expected that when the new price schedule is released, it may be slightly lower than 1942 prices.

Another industry argument for keeping the present ceiling prices is that the delivery of nylon yarn has been disappointing and is not yet on a scale permitting economical production. Nylon yarn making facilities are reportedly going full tilt, but it takes a lot of yarn to fill an empty supply pipeline. Military stockpiles offer no help

because the nylon yarn in them is not the type used for making hosiery.

• **WPB Keeps Hands Off**—The War Production Board had been asked to rule that nylon hose be withheld from retail sale until a sufficient quantity has been produced to assure wide and plentiful distribution. WPB declined, and is keeping hands off production and distribution. Unless the situation becomes so snarled that intervention is necessary, WPB will continue this policy. It will be "first come, first served" unless the industry imposes its own restrictions.

Lacking sufficient nylon yarns to maintain production, manufacturers again are looking more kindly upon rayon yarn, which they had scorned when nylon was in prospect. But the hosiery situation has tightened up considerably, and hosiery of any kind may be scarce this fall.

Movie Crisis

As date for big antitrust trial nears major producers get ready to make concessions for another consent decree.

Hollywood sent its stellar managerial talent to Washington, D. C., last week in a final attempt to persuade Attorney General Tom Clark to compromise the government's antimonopoly suit against the Big Five motion picture producer-distributors before it goes to trial Oct. 8 in New York City.

Hollywood's delegation: Nicholas Schenck, president of Loew's, Inc. (Metro-Goldwyn-Mayer); Spyros Skouras, president of Twentieth-Century-Fox Film Corp.; Bernard Balaban, president of Paramount Pictures, Inc.; Peter Rathvon, president of RKO Pictures, Inc.; Albert Warner, vice-president of Warner Bros., Inc.; plus a battery of high-priced legal help.

• **New Decree?**—The Big Five hold out to Clark the promise of a new consent decree, replacing the decree which expired almost two years ago (BW—Aug. 12'44,p84), and offering the Justice Dept. virtually anything it wants short of a final divorce of movie production from film distribution and theater ownership.

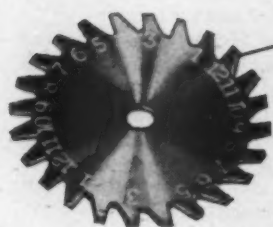
Divorce is what the trust busters are gunning for, and to the producers another consent decree would avoid the risks of a trial and at least postpone the evil day. Meantime the producers could pray for a change in the government's antitrust policies.

• **The Complaints**—Independent exhibitors complain that the producer-ex-



RESEARCHER'S REWARD

One of the two 1945 awards of the National Assn. of Public Relations Counsel, Inc., goes to Dr. Claude Robinson, whose Opinion Research Corp. of Princeton, N. J., tells some 150 leading companies what the public thinks of their corporation policies. The other goes to Pendleton Dudley, public relations counsel. Former associate director of the Gallup Poll, Dr. Robinson left in 1938 to set up his present research organization.



It happened in PRECISION INSTRUMENTS



When Carpenter made Stainless
EASIER TO FABRICATE

One of the fields where Carpenter's development of uniform, easy-working Stainless Steels has contributed much in cutting rejects—lowering unit costs is precision instruments.

As an example of what we mean, look at these temperature control instrument parts. First, they must be precision-made to give accurate readings. Second, they must be long wearing to provide years of trouble-free service. Third, they must be corrosion resistant to keep functioning in the face of corrosive industrial fumes and dust.

All signs pointed to Stainless Steel. But ordinary Stainless wouldn't do. It had to be Stain-

less that would machine, blank and form easily, and economically, lot after lot. Here's where Carpenter quality control really helped to do the job better.

Not only did Carpenter Stainless fill the bill on all counts, but cut rejects in half.

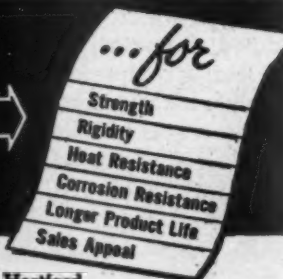
It just reaffirms a point we've been constantly stressing; you can do it better at lower cost with Carpenter Stainless. Keep this in mind when you plan your new or redesigned products. And remember: your nearby Carpenter representative can give you experienced help in selecting the right Stainless for the job. Call him in today or write us at the mill.

THE CARPENTER STEEL COMPANY, Reading, Pa.

Carpenter STAINLESS STEELS



BRANCHES AT
Chicago, Cincinnati, Cleveland, Detroit, Hartford,
Indianapolis, New York, Philadelphia, Providence, St. Louis



hibitors have crowded them to the wall because the producer-owned theaters control first runs, skimming the cream of the industry's product.

Another sore point is block-booking. The old consent decree substituted selling in blocks of five pictures, with no cancellation privileges to the exhibitors, for the former block-booking and blind-selling methods under which an exhibitor was obliged to buy the entire year's product of a producer, with the privilege of canceling about 10% of the pictures.

Although the consent decree has expired, the major producers are still selling in blocks of five (except for M.-G.-M. which has substituted a block of eight to twelve pictures with about a 10% cancellation privilege).

Independents don't like buying in blocks of five much better than they liked the old system. With no chance to cancel, they must take every feature in each block, regardless of quality.

• **What's at Stake**—Independent producers want open competition which will prevent the freeze-out of their pictures from bookings and play dates in theaters controlled by the Big Five.

Both groups of independents—producers and exhibitors—stand to gain by a split-up of the producer-distributor combines. The Society of Independent Motion Picture Producers, headed by Donald Nelson (BW—Jun.30'45,p22), is not officially involved in the case, but is plugging for a speedy trial.

Thus far, no tussle has developed between Nelson and Eric Johnston who, as the new head of the Motion Picture Producers & Distributors of America, Inc. (BW—Sep.22'45,p7), becomes the representative of the major producers.

• **Willing to Talk**—To stave off divorce, the Big Five are ready to go the limit in making concessions as a part of any new consent decree. They would agree to limit all further expansion of theater ownership. Under the old consent decree, Paramount increased its holdings by 38, Fox by 30, while the others have made only slight increases. Further, the majors would agree to give independent exhibitors the privilege of a percentage of picture cancellations.

The Big Five's willingness to talk compromise stems from the financial vulnerability of their producer-distributor setup. Not only are theater properties, leases, and equipment the biggest part of the majors' assets, but also the profits from theater operations are more stable—and frequently larger—than those from picture producing. In bad years, a single theater operating subsidiary may make more money than its parent company. Chances are that, when and if the Big Five are split up, the parent companies would be revamped as the-

ONCE
MORE

Oregon

IS PRODUCING AMERICAN HOMES
FROM PERPETUAL TIMBER STANDS



First* in timber resources among the states, Oregon again proudly offers her lumber for peacetime construction.

Lumbering returns from distinguished war service without reconversion stoppages.

Manufactured and graded better than ever, this superior building material soon will be available in endless quantities.

Breathing the very spirit of Western friendliness, Oregon woods — Douglas fir, Sitka spruce, cedar, hemlock, pine and hardwoods—already are in the hands of many community dealers.

Increased production will serve the nation's builders. It will come with return of 26% of experienced wood-

men from military service and absorption into the forests and mills of workers released from Pacific Northwest war plants.

Lumbering is a major Oregon industry, cutting more than 6,500,000,000 board feet annually during the war. It represents 55,531 manufacturing firms, 500,000 workers and an annual income of \$238,608,000.

Oregon's quality lumber assures beauty, personality, durability and architectural adaptability. Added are new lumber processes and methods proved by war—gluing and plasticising and compressed and impregnated woods.

ONE NEWSPAPER ALWAYS LEADS... IN OREGON IT'S

The Oregonian

The Great Newspaper of the West—Portland, Oregon

REPRESENTED NATIONALLY BY PAUL BLOCK & ASSOCIATES

* A fourth of the nation's standing saw timber—410,000,000,000 board feet—is in Oregon. Looking toward a "sustained yield" operation, private industry tree farms, alone, now cover 3,500,000 acres of this area. Selection cutting and extensive naturally regenerated forest lands further guarantee perpetual lumber supply.

ater circuit operators for the benefit of bondholders and stockholders, for the theaters are the tail that wags the dog.

- **Would Speed Trial**—Ultimately, no compromise the Big Five can offer is likely to satisfy either the Justice Dept. or the independents. Assistant Attorney General Wendell Berge is ready to press for a speedy trial, present the government's case (two-and-one-half inches thick) to a special expediting court, and waive the right to call witnesses except in rebuttal. This would be a blow to the Big Five's only ally—time.

Gas on Credit

As ban on charge accounts is rescinded, big oil companies rush to get old customers back. Cards aren't blank checks now.

In the nearly three years during which the Petroleum Administration for War banned use of gasoline credit cards, many a big oil company's credit manager toyed seriously with the idea of taking a pledge against their use again.

Even proponents admit the credit card system has drawbacks and defend it as a necessary evil. Opponents say that refiners should avoid added costs by letting local dealers assume all credit risks and accounting expense.

- **Flood of New Cards**—But when PAW rescinded its ban on credit cards, as of Oct. 15, big refiners' credit managers, almost to a man, jammed the mails overnight with a flood of new cards. Names of recipients were drawn largely from prewar credit files.

Reasons for the plunge: (1) Individual refiners are out to keep their share of the industry's wartime production gains. The estimated 6% of dollar volume that major refineries trace to credit cards becomes a factor in holding the line. (2) When one big refinery issues credit cards, the others must follow in self-defense.

- **Strings Attached**—But new credit cards are not quite the blank checks that they were before the war. In general, refiners are hedging behind the Federal Reserve Board's regulation W by specifying that the new cards are not good for purchases of tires, tubes, radios, or other big-ticket items. Refiners say that if tire customers did not pay in full within 60 days, as regulation W prescribes, and still wanted to buy gas on their credit cards, regulation W could be embarrassing.

Sole point in the credit card controversy on which refiners generally agree: Credit card users—either individuals or



NO SNAGS FOR CHRISTMAS NYLON?

Dreamy-eyed civilians (left) ogle nylon hose they can't buy as New York's Lord & Taylor store places 1,200 pairs on sale—to Army and Navy nurses only. And with women still hoping for a nylon Christmas (page 83), in Philadelphia, William Leader, president of Branch No. 1, Hosiery Workers (C.I.O.) lifts the gavel for a meeting that apparently threatened to wipe nylons off yule lists. Some 2,300 Leader constituents voted for a strike Oct. 1 to force a 10¢-an-hour increase, a 65¢ hourly minimum, a one-year contract. However, early returns from a country-wide poll of 18,500 workers indicated that manufacturers' offer of a 6¢ hourly raise and a two-year contract would be accepted.

businesses operating salesmen's or delivery cars or trucks—like them. These users say that monthly statements of gasoline and oil purchases simplify accounting.

- **Pro and Con**—Proponents' claims that are sure to bring argument in any gathering of refiners' credit managers include: Credit cards increase business by bringing more regular customers to a company's stations; by bringing travelers to the same company's stations across the nation, credit cards make goodwill, do a good advertising job, boost the size of individual sales.

Pessimists cite an industry survey in 1939 (latest study of its kind) that showed that 57% of monthly credit card statements were under \$10 a month; 3% were for \$50 to \$100 a month; only 1% were above \$100 a month; and the average was \$11.81. Cost of doing this business, not losses from bad risks, brings loudest laments. The survey showed administrative costs of about 1% a gal., 4.5% on the dollar; credit losses were under 1% on the \$1.

- **Holding the Bag?**—Objectors say that goodwill and advertising values are minimized because an individual may have credit cards from half a dozen companies.

Another objection: Credit cards sometimes leave the oil companies holding the credit bag for their local station operators. Rural operators often carry general-store merchandise along with gas and oil, may sell a floor lamp or toaster on credit to a card holder. The dealer then may charge the amount of the sale to the oil company, disguising it as 50 gal. of gasoline.

Proponents answer that the dealer will personally extend the credit anyway, call on the oil company for extra credit when the charge account goes sour—and the oil company still holds the bag.

- **Independents Angry**—Hedging against such abuses, oil companies before the war generally used the cards to bolster volume by limiting the privilege of honoring credit cards to their 100% stations, denied it to split-account stations.

This aroused the ire of smaller independent refiners, whose products were crowded from local dealers' stocks. Later a U. S. suit charged that such credit card limitations are in restraint of trade, violate the Robinson-Patman act. The case, filed in the District of Columbia U. S. District Court in 1940, was held in abeyance during the war, may be reopened at any time.



*Nice
and Juicy*

REMEMBER the days of the juicy steak? the dripping cuts of calf's liver? Few housewives then gave thought to what kept those juices where they belonged—*inside the wrapping paper.*

And, perhaps you in turn, have given little thought to the problems of efficiently getting the waxes where they belong—and what the solutions of these problems mean to you. For example, to get waxes of various kinds to mix with water of varying degrees of hardness you need a versatile set of emulsifiers.

That's the function of Atlas Spans and Tweens. They are ingenious chemical agents that make

water and oil mix and stay mixed. They do it in such a variety of ways that the result is a water-in-oil or oil-in-water emulsion—whatever is desired. They permit so many combinations that Atlas Spans and Tweens are used today in paints and lacquers, cutting oils, insecticides, scouring and cleaning fluids, polishes, textile dressings, foods and beverages, cosmetics and pharmaceuticals, many other commercial preparations.

Spans and Tweens are only two of more than a hundred different chemical materials developed by Atlas technicians. Separately or in combination, they offer an immense stockpile of ideas that is constantly used to improve processes and products.

Quite possibly this stockpile has usefulness for you, too. You are invited to draw on it now to help you solve your product problems.

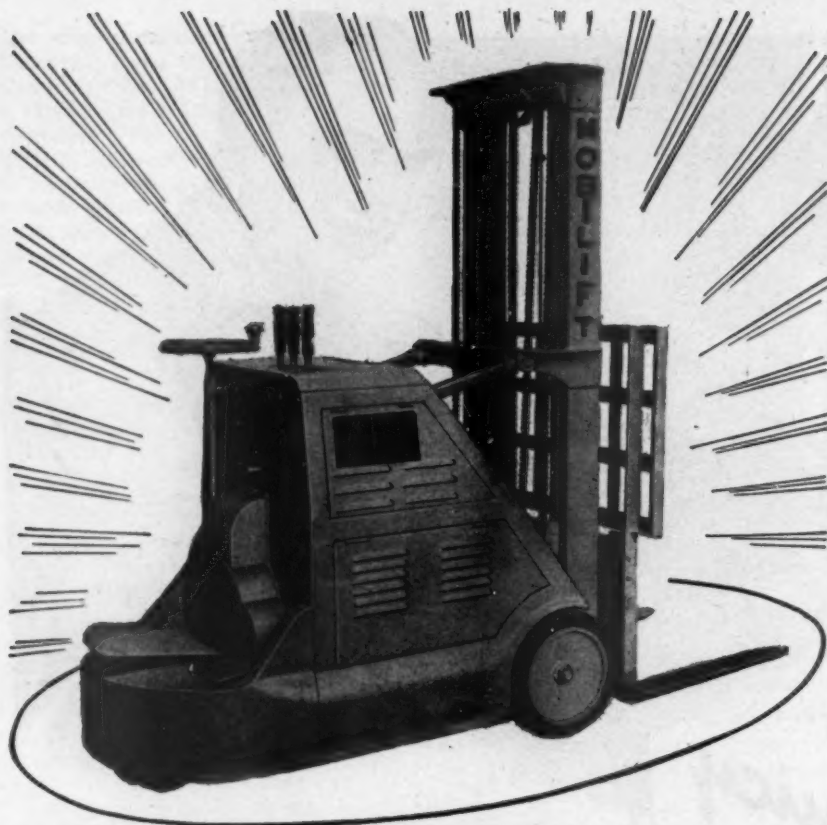
Span and Tween: Reg. U. S. Pat. Off.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

**Industrial Explosives • Industrial Finishes • Coated Fabrics • Acids
Activated Carbons • Industrial Chemicals • Ordnance Materiel**



MOBILIFT

Presents

A NEW MODEL

HERE is a new model Mobilift which is designed to answer today's materials handling problems. Mobilift engineers present many outstanding features in this new model. It is more powerful, has greater capacity and is more ruggedly constructed... yet it maintains the size, weight and ease of operation which have made Mobilift America's most maneuverable lift truck. Send for complete details on Mobilift's many new improvements.

SEND FOR FREE FOLDER TODAY!

Sales Offices:

34-48 Steinway St.
Long Island City, N.Y.

2430 So. Parkway
Chicago, 16, Ill.

107 Walton St., N.W.
Atlanta, Ga.

MOBILIFT

Moves Materials like a Giant!

VAUGHAN MOTOR COMPANY • 835 S.E. Main St. Portland 14, Oregon

Check Checkup

N.R.D.G.A. survey shows the most stores muffed the wartime opportunity to start charging a fee for cashier service.

Department stores muffed a wartime opportunity to establish for all time the practice of charging a fee for cashier customers' checks—a much-envied policy in which hotels, for example, are thoroughly entrenched.

Only about 15% of the country's department stores charge for check-cashing, according to a survey made recently by the National Retail Dry Goods Association covering 122 stores with annual sales volume varying from less than \$1,000,000 to more than \$30,000,000. This is the same percentage shown by a similar survey last year, but N.R.D.G.A. reports that "a tremendous number" of stores would charge a fee if their competitors also did.

• **Community Policy**—Stores in more than a dozen U. S. cities have, in fact, successfully adopted a community policy

FAST AND PERMANENT

Unheralded, a speedy, machineless "Finger Wave Permanent" was launched this week into a receptive feminine world, threatening to obsolete millions of dollars of equipment in beauty shops.

The customer's hair is set in familiar pincurls with a special lotion, covered for a few minutes, sprayed with a neutralizing fluid, dried, and combed out. Result is a soft, loose wave that is "permanent"—for at least three months.

First to offer this treatment is Seligman & Latz, one of the two leading concessionaires of beauty salons in department stores (BW—Jan. 6'45, p39). Other firms, however, are rumored to be working on their own versions. The Seligman & Latz wave will be sold in most of the 200-odd department stores where the firm operates salons on one or more of three well-established price levels.

Principal advantage of the new permanent is that it requires only a few minutes more time than a finger wave that lasts a week if the customer is lucky. It also eliminates the need for mechanical skill. Hence any accomplished finger wave operator can also give a finger wave permanent.

of charging a small fee. In Chicago, five of the largest department stores charge 5¢ for checks less than \$50, 10¢ for larger amounts. St. Paul (Minn.) stores charge 3¢ on checks up to \$25, 5¢ on those from \$25.01, 5¢ for each additional \$100. Flat rates are generally 5¢ to 10¢, but Oakland, Calif., charges 20¢ for checks over \$50.

The inclination to charge for check cashing was spurred during the war by the great increase in the number of checks—usually payroll—which stores were asked to honor. Some cashed as many as 100% more than before the war.

• **Cost Problem**—The increase posed a substantial cost problem, since more cashiers were needed and more cash had to be kept on hand. Furthermore, after the Federal Reserve Board ruled that member banks could not absorb the exchange on out-of-town checks (BW—Mar. 25 '44, p. 83), many stores were obliged to assume this cost on every check cashed.

One large eastern department store has made check cashing a profitable business, as well as a goodwill builder. In the year ended Jan. 31, 1944, it cashed 26,300 payroll checks at 10¢ each. After paying expenses, including interest on the extra capital required to provide the service and about \$1,000 loss on bad checks, the store netted \$18,736.

• **Change Now Unlikely**—Nevertheless, stores which so far have not charged for cashing checks are unlikely to change their policy now, when the trend is toward restoring customer services rather than eliminating them.

Other facts found by N.R.D.G.A.'s study included: 67% of all stores surveyed place no limit on the face value of payroll checks they cash; 63% do not limit the value of personal checks cashed; 80% do not investigate the customer's credit before allowing him to cash personal checks; 11% issue credit cards for check cashing, or honor charge plates for this purpose.

Yet bad check losses are extremely small: 102 stores reporting their 1944 sales volume to N.R.D.G.A. indicated an average bad debt loss of $\frac{1}{4}$ of 1% of sales ($\frac{1}{4}$ of 1% is considered normal), and this included losses from bad checks.

RADIO PLAN DROPPED

Regretfully, William Benton, new Assistant Secretary of State, has written a letter to the Federal Communications Commission, saying that his plans for establishing an advertising-free Subscription Radio service (BW-Oct. 21 '44, p. 90) have been canceled.

Benton gave two reasons: (1) He would have no time to devote to the

FIRST AID FOR RECONVERSION



The Switch from War to
Civilian Goods Speeded by
SCOTCH Masking TAPE
BRAND

BUSY MANUFACTURERS, faced with the task of switching almost overnight from war to peace time products, find "SCOTCH" Masking Tape a great simplifier and "speeder-upper." To supply the demand for new automobiles, refrigerators, vacuum cleaners, washing machines, radios and all the other war-scarce conveniences, you need the acceleration that is provided by "SCOTCH" Mask-

ing Tape short cuts and economies.

"SCOTCH" Masking Tape is a precision tool made in a variety of backings and adhesives to meet production requirements.

As originators and developers of unified pressure sensitive tapes, we are able to offer many valuable time-saving suggestions. This experience is at your service. For quick results, use the coupon below.



"scotch" is the trade-mark for the adhesive tapes made by M. M. & M. CO.



**MINNESOTA
MINING AND
MANUFACTURING CO.**
GENERAL OFFICES, SAINT PAUL, MINN.
BRANCHES IN PRINCIPAL CITIES

"SCOTCH" Tapes are used for
REINFORCING • MASKING
HOLDING • IDENTIFYING
PROTECTING • SPLICING
SEALING • SANDBLASTING

Kindly have a "SCOTCH" Tape engineer call.

Company _____

Address _____

City _____ Zone _____ State _____

Signed _____ Title _____

BW945

FOR CONTROLLING
hydraulic, gas,
steam and air
PRESSURES AND
TEMPERATURES

The MULTIVERSAL Pressure Switch



Multiversal pressure switch with
Amphenol electrical connection.

with the adjustable differential feature

HERE is a wartime development by Cook engineers that is ideally suited to all industry where pressures and temperatures must be detected and controlled. The Multiversal pressure switch is fast becoming the standard control component to many manufacturers of hydraulic, gas, steam and air actuated equipment, or in processing where these factors are present and must be controlled. This switch may be used to control pressures from 2 to 30 P.S.I. and temperatures from 70° to 200° F. It also has a differential adjustment feature permitting adjustment of the "off" and "on" position within the operating range.

Pressure connection is $\frac{1}{4}$ " pipe. Electrical capacity is from 1 to 10 amperes at 120 volts A.C., depending on differential adjustment. Electrical connection can be either Amphenol or standard $\frac{1}{2}$ " conduit fitting. Overall size of the switch is $2\frac{3}{4}$ " diameter, $3\frac{1}{2}$ " high, and weight is approximately 9 oz. This switch may also be supplied to operate on higher pressures or temperatures upon application.

This is only one of a line of Cook standard and special pressure switches that may be adapted to your control problem. Cook engineers will be pleased to recommend the proper switch for your requirement, or upon application, design a switch to meet your particular need.

A Product of the Pressure Switch Division of

Multiversal pressure switch illustrated above is shown equipped with capillary tube and bulb, supplied in any length or style of bulb.



2700 SOUTHPORT AVENUE • CHICAGO 14, ILLINOIS

new project; (2) such a business connection might prejudice his relations with radio and the press in his capacity as the State Dept.'s information chief (BW-Sep.15'45,p8).

Benton's associates say that the new turn in his career came just as they were drafting a formal application to FCC for three broadcasting channels in the New York City area. They deny that the difficulties of getting such a channel assignment (which would cut across present FCC policies limiting each broadcaster to one channel in a given area) or other "practical" considerations influenced Benton's decision. No plan is reported for finding another presiding genius for Subscription Radio, although Marshall Field and Henry Luce were once interested in financing the new service. Subscription Radio subscribers would get music on their radios; nonsubscribers would get only a "pig-squeal" on subscription channels.

SOAP OPERAS UPHELD

That perennial brickbat target, the "soap opera" (daytime radio serial), has been weighed in a survey and found wanted.

After 18 months of "calm and impartial scientific research," by personal interview, guinea pig listening groups, and essay contests, the Columbia Broadcasting System reports that:

Fifty-four percent of all women who are at home in the daytime listen to radio serials. They average 5.8 different programs a day, spend 1.5 hours listening a day, and listen 2.5 times per week to the average program. They do household tasks like dishwashing 69% of the time they are listening (something for television's supporters to mull over).

Other CBS findings: that there is no significant difference between women who listen and women who don't, on the same cultural level, in their attitudes toward themselves or their communities, or their participation in social activities; that 40% of the college-educated women interviewed were listeners; that listeners are loyal to serials, but want improvements.

FOOTWEAR NEWS

First issue of Footwear News, Fairchild Publications Co.'s newest tabloid trade newspaper, will appear next Saturday. Fairchild claims it will be the only weekly covering the retail shoe trade. (Boot and Shoe Reporter, a weekly magazine, went semimonthly during the war.)

By selling space only in combination with Women's Wear Daily or Men's Wear, Fairchild guarantees that shoe

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manufacturers' advertisements will reach executives of department stores and specialty stores, as well as general shoe retailers.

PARAMOUNT IN VIDEO

Radio learned definitely last week that it had suspected—it must share television with Hollywood and newspaper publishing interests. Paramount Pictures, Inc., took the final plunge into television, with the announcement that plans to become a full-scale network operator.

Paramount already has tested the water through its subsidiary, Television Productions, Inc., and its affiliate Scovony Corp. whose patents cover production of large-scale television images on theater screens (BW—Mar.24'45,p92).

The new network would hook up television Productions' stations in Los Angeles with those of Balaban & Katz

(Paramount subsidiary) in Chicago and Allen B. DuMont Laboratories (Paramount controlled) in New York City and Washington, D. C. Another subsidiary, United Detroit Theatres Corp., has an application for a television outlet in Detroit pending before the Federal Communications Commission.

S.

Further reports on Curtis Publishing Co.'s new magazine "Holiday" (BW—11.4'45,p90) are that it will be dominated by pictures and that all pictures will be in color. . . . General Electric's new book "Your Appliance Store" is full of down-to-earth advice on store layout, lighting, paint jobs; copies will be sold to anybody who wants them after the demands of G. E. distributors have been satisfied. . . . Retailers who are in a hurry for new store equipment may be able to pick some up from Army post exchanges which are selling out locally when they close down (exchange equipment mostly belongs to individual post personnel, isn't government surplus property). . . . Cancellation of military contracts for 327,000,000 candy bars doesn't mean more for civilians, for the contracts only existed on paper and sugar which doesn't go into candy for the Army and Navy goes back into OPA's general ration pool. . . . Canceled contracts for drugs and toilet goods are something else; manufacturers are trying to buy back their own brands (even at costs them money) to keep military supplies from flooding the market. . . . The National Assn. of Better Business Bureau's new Guide for Retail Advertising & Selling aims at curbing shady practices; it is also a handy glossary, defines trade terms from "retirement price" to "full-fashioned."

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LABOR

Conference Program Outlined

Unexpected agreement is reached on agenda for widely heralded management-labor meeting. Chief topics will include machinery for settling disputes, ways of minimizing them.

Prospects were somewhat brighter this week for a successful management-labor conference, now definitely set for Nov. 5 in Washington.

The agenda, as almost fully worked out, will include not merely the question of machinery for settling disputes but also the means to minimize dis-

putes, both in number and in thermal units. An attempt will be made to give collective bargaining a fine definition, and to set forth the duties, rights, and responsibilities of both sides.

• **Two Hot Topics Out**—Controversial subjects like full employment and the annual wage are out unless, of course,

the full conference decides to expand the agenda, which isn't likely.

Both Secretary of Labor Lewis B. Schwellenbach and Secretary of Commerce Henry Wallace were surprised and pleased at the speed with which the planning committee worked out a unanimous report, 99% of which the top committee adopted. It was agreed to admit John L. Lewis—at least a guarantee against dullness. An elder statesman—of the order of Henry L. Stimson—who will add dignity to the conference will be chosen chairman. The committee knows who it wants but withheld the name until his acceptance is assured.

• **McMahon Theory**—Both business and labor, meanwhile, looked over the McMahon labor bill as a possible pattern for the conference to work on. The Connecticut senator introduced the bill last week. It contains none of the con-

New Conciliation Chief Is Nonpolitical Missourian

Edgar Lovett Warren, the new director of conciliation, comes from Missouri. But unlike other major appointments from President Truman's state, this one is regarded as nonpolitical.

A man who knows all the cogs in the old Pendergast machine in St. Louis was asked what he knew about Warren.

"I never heard of him," was the reply. "I've been trying to place him ever since I read about his appointment."

• **Purina Angle**—It was suggested that Alfred Schindler, the Under Secretary of Commerce, might have had something to do with the Warren appointment. Schindler hails from the Ralston Purina Co., where Warren worked from 1926 to 1933. Now Schindler and Warren sit on opposite corners at 14th St. and Constitution Ave. in Washington. But nobody professes more surprise than Schindler over the Warren appointment.

It was strictly a merit appointment, his friends say. But more critical people say that Warren was the only candidate who actively lobbied for the job. He himself revealed that he had been on the long list of former Secretary of Labor Frances Perkins as a possible appointee, and that he had never met Secretary Lewis B. Schwellenbach until a few days before his appointment was announced.

• **A Good Listener**—Warren is 41, graying around the edges. He is sturdily built, not the expansive type,



Edgar Lovett Warren

but a good listener and agreeable company. He finds relaxation in a poker game for small-to-moderate stakes.

At Ralston Purina, Warren's job was forecasting business conditions and making industrial and market analyses. He is reputed to have been expert at stripping facts down to fundamentals, a faculty which fits nicely into his new job. He wasn't prominent in any outside activities.

• **Via Agriculture**—Warren went to the Dept. of Agriculture in 1933 as an economist. His practical knowledge of labor affairs began five years later, when he joined the Wage &

Hour Division of the Dept. of Labor. He became director of the industry committee branch of the division.

When the National War Labor Board took on the job of wage stabilization in the fall of 1942, Warren transferred to that agency and became assistant stabilization director. He also served as a public member of NWLB's wage adjustment board, which gave him an insight into the wage problems of the building construction industry. In November, 1943, Warren was appointed chairman of the regional WLB at Kansas City. Three months later he took over the Chicago board, one of the hottest and heaviest spots in the NWLB structure. That's the job he was holding when Schwellenbach picked him up.

• **Career Man**—Warren is regarded as a career man. He is interested in public service and has often spoken of the need for keeping good men in the government. This is his first chance to do something about it, and as a first step he proposes better pay for conciliation commissioners. He would like to make the top \$6,500 instead of \$5,600. The new conciliation director was born in Pittsburgh. From 1919 to 1921 he attended the Kemper Military school at Boonville, Mo., which his grandfather, Frederick T. Kemper, founded. Later he attended Bethany College, Bethany, W. Va., graduating in 1926. He also did graduate work at Harvard business school. He is married and has two children.

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THE LABOR ANGLE

Deal

Labor's thunder, particularly in the auto industry, for a 30% wage increase appears to have stilled the insistent demand for annual wage guarantees, but the appearance may prove thoroughly deceptive. The "deal" favored by Detroit union leaders—for the parts section of the industry as a starter—would provide the 30% wage increase plus an annual guarantee in return for elimination of time-and-one-half premiums for overtime work (page 17).

Some parts manufacturers have already indicated at least a sympathetic interest in the proposal, and the union planners are sure workers would favor it overwhelmingly. Once launched in Detroit, the plan could set a national pattern of union demands.

Crisis

Two very heavy questions hang like the sword of Damocles over the future of the National War Labor Board or any similar agency which may succeed it.

How—one of the questions before the board might be phrased—can a tripartite tribunal make decisions when it has no power to make its own policy? The board is completely superfluous if its function is to apply policies devised by the Secretary of Labor. A single deputy can do that much better than a board.

The point of having labor and industry represented is to have them participate in making policies which both are called upon to accept. The Little Steel, fringe wage, and union security policies of NWLB were worked out by the board itself with all interested parties contributing to their formulation. Why should the A.F.L., the C.I.O., an industry representative or, for that matter, any public servant more eminent than a clerk be involved in the rigamarole of serving papers, holding hearings, and then simply parroting the decree of someone else? It can be done efficiently with rubber stamps.

Under these circumstances a tribunal like NWLB has only one contribution to make: It can sit as arbitrator in disputes where both parties come to it asking to have their case heard on its merits and agreeing to

be bound by whatever decision is handed down. This, though a lesser function than the board had before, is nevertheless a very useful one, and a second question raised about the board is: How, as a result of being taken over by the Dept. of Labor, can it perform even this function?

In its war-end announcement, NWLB said it would accept only those cases in which the parties agreed beforehand to be bound by its decision. This recognized that the end of the war meant the end of the board's power to induce an unwilling union or employer to abide by its award. But Secretary of Labor Lewis Schwellenbach, put on the spot by a growing demand that the government do something about the mounting tide of strikes, asserted his authority to refer any case he considered critical to the board. When NWLB objected, Schwellenbach, as the wisecrack had it, "seized the board for noncompliance."

Without the sanctions and the psychology with which it worked in wartime, NWLB cannot exist as a compulsory arbitration tribunal. No A.F.L. representative, for example, would dare in peacetime to sit on a panel which ruled against an A.F.L. union after that union had refused to submit voluntarily its dispute to that panel. And that is, in effect, what Schwellenbach is asking all NWLB members to do when he insists they act in cases where the parties are unwilling to come before it.

Already this dilemma has moved from the theoretical to the practical arena. The Dept. of Labor has certified to NWLB a case involving the Magnavox Co. of Fort Wayne, Ind., and C.I.O.'s United Electrical, Radio & Machine Workers. The union refused to sign a stipulation agreeing to accept the board's decision as final. This act of independence is a faint herald of what can be expected from both unions and managements in bigger, more important disputes.

The two questions hanging over the board's future thus merge into one: What miracle will enable NWLB or some such successor agency to maintain order on the labor front in peacetime? If any satisfactory answer can be produced at all, it will have to come out of the big national labor-management conference scheduled for Nov. 5 (page 94).

pulsory or prohibitory features of the Ball-Burton-Hatch bill.

In essence, the McMahon measure would build up the Conciliation Service, establish a board of arbitration, and invest both with all possible dignity and prestige. The machinery thereby would be made available, and it would be up to labor and industry to use it.

The theory is that the machinery would be sold to the public so effectively that the public would force the disputants to use it.

• **Up to Schwellenbach**—Members of the National War Labor Board—minus Chairman George W. Taylor, Jesse Friedin, and Dexter M. Keezer, resigned public members—have agreed to stay until the work of the board is completed. President Truman's Aug. 18 executive order provides for liquidation "as soon as possible" after the management-labor conference.

Schwellenbach will interpret what "as soon as possible" means. Meanwhile, he promised NWLB members that he would not interfere in their decisions or policies. It was the only basis on which many of them were willing to give their place in the Labor Dept. a trial.

Although an extremely small number of cases was promulgated, the board has plenty of work pending. As of Sept. 7 there were 2,786 unresolved disputes. In all but two or three of the 18 cases certified, the disputants have accepted the stipulation that they would comply with the board's decision.

• **Wage-Cut Applications**—The job of controlling wage reductions has started. The board had 533 applications for permission to cut wages on hand when it made its last check Sept. 7. In addition, there were 19,847 pending enforcement cases—alleged payments in excess of stabilization regulations. In the week ended Sept. 7 the enforcement division received 1,056 cases, disposed of 1,056.

C. OF L. GETS THE BLAME

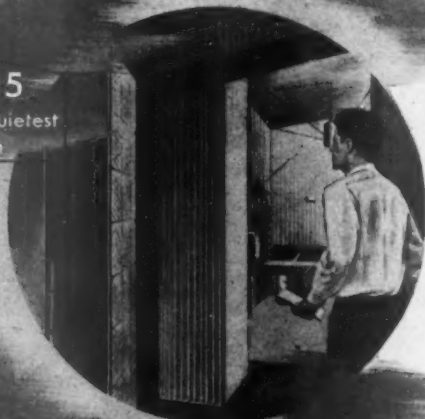
According to findings of the National Labor Relations Board, the Chase National Bank's Puerto Rico branch discharged an employee because he requested a salary increase and gave as reason the fact that he could not live on what he was earning.

The employee was said to have been told that, since he admittedly could not live on his salary, he was being fired because it was contrary to the bank's policy to keep anyone in its employ who could not live within his income.

NLRB, taking cognizance of the fact that the discharged employee was an organizer for the local bank employees union, held the discharge to be discriminatory.

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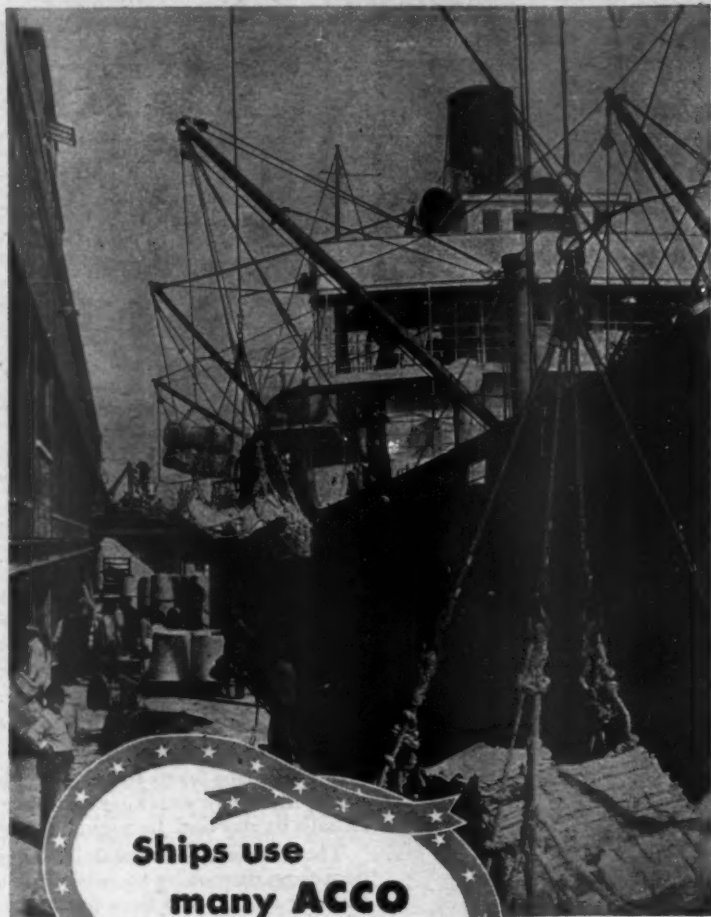
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Timber Tie-Up

Reconversion gets a blow as A.F.L.'s lumbermen walk out in the Northwest and C.I.O. workers prepare to follow.

Although all strikes in progress this week had their particular significance, only one looked like a real showdown battle. The others, though important, were in the nature of preliminary skirmishes as organized labor made its first strategic moves to back up wage increase demands.

The strike which had the earmarks of a bitter-end fight involved 60,000 A.F.L. lumber workers who walked out of lumber camps, sawmills, and woodworking plants in the Pacific Northwest (BW, Sep. 8 '45, p. 105).

• **About 85% Tied Up**—By midweek strike action tied up about 85% of the Northwest's lumber operations with what the union called 100% effectiveness. When, as expected, C.I.O. workers follow the A.F.L. group out, the shutdown will be nearly complete at a time when all lumber controls are being lifted nationally and a go-ahead is being given to construction. Importance of the tie-up to reconversion plans is indicated by estimates that present lumber stocks are no better than 20% of normal.

Operators' refusal to grant a wage increase—20¢ an hour more and a \$1.10 an-hour minimum—was an important factor in A.F.L.'s success in getting lumbermen off their jobs. But the wage issue actually is secondary in the deteriorated lumber industry labor-management picture.

• **One Bargaining Pot**—The union is demanding that operators agree for the first time to bargain on an industry-wide basis, which would toss pine workers, fir cutters, plywood workers, power saw operators, box factory laborers, file buckers, and the like into one big bargaining pot. Heretofore, each autonomous group has pow-wow'd separately with its employers. Industry representatives have offered to bargain that way again, but this year the union is balky.

Federal efforts to avert the strike failed. Most operators' representatives made little or no effort to answer claims of the union, except to deny that they had refused to arbitrate.

• **Ready for the Challenge**—Behind the operators' determination to stand pat is the fact that most of them have earned in 1945 just about all that present laws will permit them to keep. Having reached an income bracket in which Uncle Sam now collects the profits, they

tors are well fortified—and willing—
accept the union strike challenge.
to avert complaints of lockout tac-
e, they offered to resume work at any
the workers check back in—ready to
again on the operators' terms.
Their attitude is that a showdown
with labor long has been in the making,
and might as well come now as later.
In fact, better now than later.
C.I.O.'s Demands—C.I.O. is asking,
principally, an "across-the-board" in-
crease of 25¢ an hour in wages, and a
minimum wage of \$1.15 an hour for its
1000 to 40,000 members.
Both A.F.L. and C.I.O. criticized the
lately National Labor Relations Board
like votes in the Pacific Northwest
ests as "bungled"—with many mailed
lots misaddressed or delayed so that
able lumbermen had no opportunity
vote. But the confusion of the mail
was made unimportant by the over-
whelming nature of the strike vote for
the unions.

NEW BLOW TO BUFFALO

Buffalo, with a full quota of recon-
sition layoff worries (BW—Sep. 1 '45,
'47), received a new blow last week
when Curtiss-Wright announced plans
to move its airplane manufacturing ac-
tivities from Buffalo to Columbus, Ohio,
soon as it completes work on com-
mercial CW-20 Commando transports
being produced in its Niagara Frontier
plant.

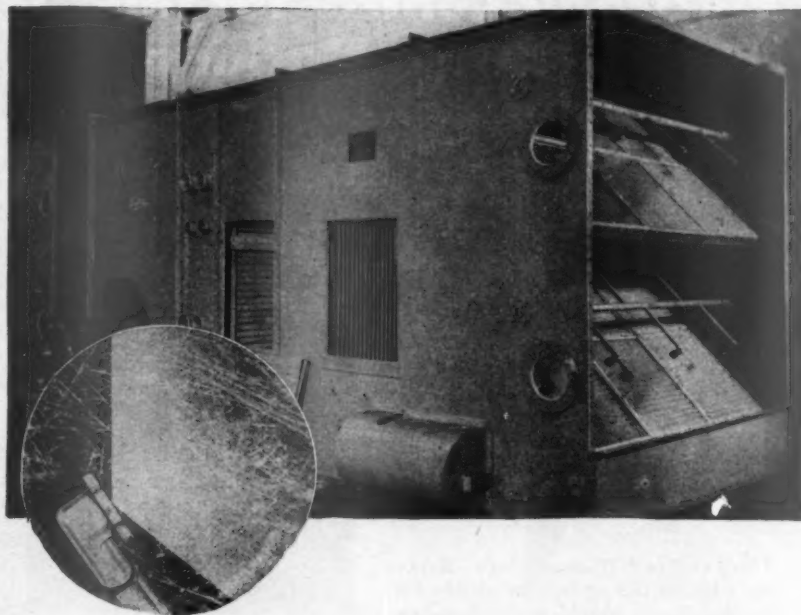
Previously, Curtiss-Wright planned to
continue operations in one of its two
large Buffalo plants, and to employ
approximately 10,000 persons.
Layoffs since the Japanese surrender
have topped 50,000 in the Buffalo area,
and registrations for unemployment in-
surance benefits last were reported at
1000.

COTTONPICKERS' CEILING

Although current emphasis is on
ready removal of the wartime wage
freeze and a return to pay-setting
through collective bargaining, a wage
ceiling for cottonpickers is just now
being put into effect in Mississippi, and
probably will be extended to Arkansas
and Missouri.

Henceforth, Agriculture Dept. regu-
lations will bar payment of more than
\$10 per 100 pounds to Mississippi
pickers. Since the average picker gath-
ers 150 lb. a day, this means a daily
pay of about \$3.15, a sharp reduction
in current earnings. The cut is ag-
gravated by the fact that most pickers
work only about 125 days a year.
Wartime expansion of southern in-
dustrial plants resulted in an exodus of
workers to higher-paying jobs. In

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Cutting steel plates with ISC Flame Cutting Machine equipped with Clare "Custom-Built" Relays.

Thirteen Clare "Custom-Built" Relays are used in the operation of this ISC Flame Cutting Machine which is used for oxygen-acetylene burning in shipyards and steel works.

These Clare Relays operate on electronic impulses to start, stop, reverse and jog the 3-phase A.C. motors which connect and disconnect auxiliary circuits for various automatic and manual operations in the cutting process.

This Flame Cutting Machine is a product of the Struthers Wells Corporation of Titusville, Pa., under license of the Industrial Scientific Company of New York City, designers of the machine.

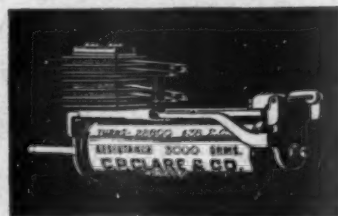
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Thirteen Clare "Custom-Built" Relays which respond to the electronic impulses to operate Flame Cutting Machine.



Clare Type "C" Relay

CLARE RELAYS

"CUSTOM-BUILT" Multiple Contact Relays for Electrical, Electronic and Industrial Use

the resulting shortage of cottonpickers, competitive bidding for help raised potential daily wages to \$4 and \$5—not many years ago the standard wage for a week's cotton field work.

The U. S. Dept. of Agriculture was given the wage-setting authority by the Office of Economic Stabilization, to cope with this situation. Ceilings were tested in California and Arizona last year (\$2.25 per 100 lb.) and later imposed in Texas. Under the stabilization act, the ceilings are enforceable by a \$1,000 fine for each day a worker is overpaid, or one year in jail. So far the penalties have not been invoked.

In an Agriculture Dept. supervised poll, growers indorsed the ceiling by an overwhelming vote, 22,913 to 135 and the department ordered it into effect for 19 Mississippi counties.

The Southern Tenant Farmers Union characterized the wage ceiling order as official support for an attempt to stamp out expanding unionization of farm workers. With wages fixed, incentive to join a union has been snatched away, officers complained.

LEWIS JOINS FRAY

With coal production in Pennsylvania and West Virginia curtailed the week as result of a strike by the United Clerical, Technical & Supervisory Employees of the Mining Industry, John L. Lewis had made his inevitable entrance on the troubled labor scene. The union is a division of the catch-all District 50 of Lewis' United Mine Workers of America.

Distinguished from most of the other current disputes, the Lewis group is striking not to back up wage demands but for recognition of their union. The coal operators are emulating the reluctance of management in manufacturing industries to deal with a union of supervisors.

Last fall the United, in a strike for recognition, shut down more than 100 mines in four states, U.M.W. members refusing to cross their picket lines. The tie-up ended only with federal seizure of the mines. Hearings on the union demand for certification should be in progress before the National Labor Relations Board by next week, but the United, by starting a strike which spread out from four Jones & Laughlin mines in western Pennsylvania, is determined to cut through some red tape.

Although, with coal in great demand, the United's strike has ominous possibilities, this isn't the big Lewis threat that has been anticipated. That will materialize when the U.M.W. invokes the 30-day clause in its contracts with the operators and announces its first postwar wage increase demands.



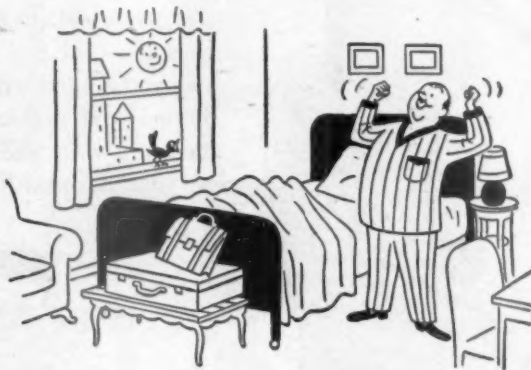
1. You're off on an urgent business trip. Of course, you'll stay at the Hotel Pennsylvania. Because it's so conveniently located, Hotel Pennsylvania is headquarters for important travelers.



2. And when you stay at the Hotel Pennsylvania, you'll be glad to see that famous bed! You'll *know* you are in for the finest night's rest a bed can give you!



3. Meats are scarce, sugar and other things are hard to get. But **NO** one can ration the downright comfort and satisfying ease of a sound sleep in a Hotel Pennsylvania bed!



4. One of your fondest memories of the Hotel Pennsylvania will be the bed you slept in. What a perfect night's sleep! Sheer comfort! How refreshed you were the next morning!



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Troubled Oil

No. 1 strike problem shifts to refineries as C.I.O. workers threaten nationwide walkout in drive for 30% pay increase.

Spreading strikes in the nation's oil industry, which at midweek threatened to become a full-fledged nationwide walkout, have shoved Detroit's tough labor situation to one side to become the No. 1 strike problem facing the Dept. of Labor's newly revitalized U. S. Conciliation Service under Edgar L. Warner (page 94).

At midweek it was hoped that conciliation efforts at a government-sponsored industry labor-management conference in Chicago might bring a settlement which not only would end a walkout of more than 35,000 C.I.O. workers employed by 15 major companies in seven states, but also would furnish a reconversion wage formula to avert threatened large-scale strikes in the auto, steel, textiles, rubber, and radio and electrical goods industries.

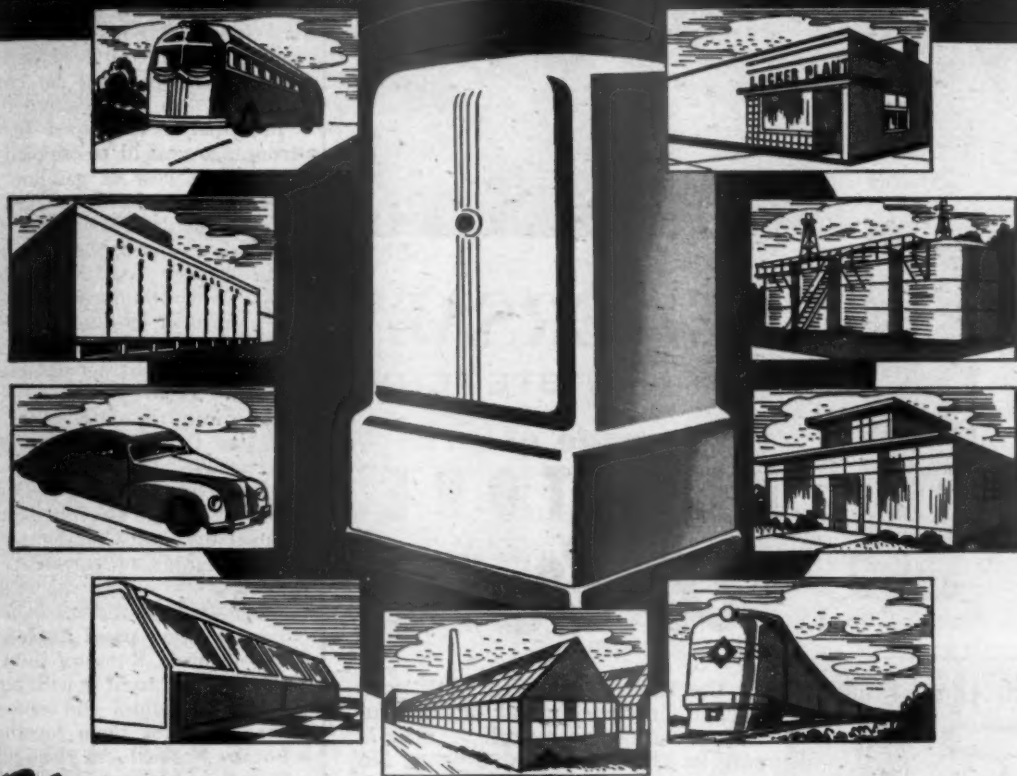
• **Take-Home Pay Is Issue**—In all of these strongholds of C.I.O., wage demands have centered on some form of increase which would keep take-home pay at the same level for 40 hours a week, or less, as at 48 hours a week, including overtime pay. Most of the unions have asked for 30% increase (BW—Sep. 22'45, p. 95) to accomplish this uniform objective.

C.I.O.'s Oil Workers International Union, a relatively minor union with approximately 50,000 members, demanded such a 30% increase and struck swiftly when companies countered with 15% raises and reduction of the work week from 48 to 40 hours.

• **Oil Centers Idle**—Refineries were shut down in 24 cities. Three of the country's six great refining centers—those at the Calumet River, Ind., Texas Gulf Coast, and Toledo, Ohio—were struck into idleness. Oklahoma and California C.I.O. oil workers voted to strike but still were on the job at midweek. Production cost was estimated at 1,107,900 barrels a day, a crippling blow to gasoline and oil supplies and at synthetic rubber and asphalt roofing production.

Filling stations dug out their "No Gas" signs, discarded after end of the war eased gasoline shortages. Rationing of dwindling reserves to essential uses was ordered in Toledo, where a committee of municipal, oil industry, and labor representatives set up a card rationing program. The rationing immediately was challenged in a court suit by a Toledo resident who said he would

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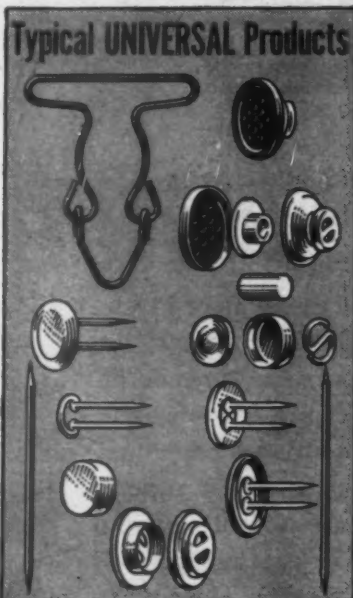
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stand rationing orders from OPA, but not from the municipal government.

• **Plea for Help**—Public transportation stalled in Pontiac, Mich., when buses ran out of gas. In Detroit, Mayor Edward Jeffries called on Secretary of Labor Lewis Schwellenbach to give the oil strike his department's "highest priority" as only 10% of all stations were open for gasoline business. The pinch was felt even in oil-rich Texas, where gasoline was at a premium.

The Atlantic Seaboard was coasting along on reserves, but with its 1,500,000 barrels a week from Texas shut off, the East faced, at best, the necessity of making out with 60% of normal supplies. Even that will be cut off if the C.I.O. can close eastern refineries.

Industrial users warned that reconversion plans might be crippled severely if the even flow of gasoline and oil is not resumed immediately.

Thus, the 35,000-worker oil strike hit with a greater impact than the auto-industry unrest (page 17) or the large Pacific Northwest lumber strike (page 98). The man in the automobile saw his gasoline supplies shut off; the housewife worried about her winter fuel oil.

• **Major Test**—The situation grew quickly into the first major test of President Truman's postwar labor and wage policy.

Schwellenbach quickly took two steps: (1) He dispatched ace conciliators to refining centers and Chicago, and (2) he called the labor-management meeting in Chicago to discuss the strike situation and named a three-man government mediation panel headed by Justice William L. Knous of the Colorado Supreme Court to sit in with representatives of companies and union in an attempt to bring them together.

• **Locals Notified**—As this conference got under way, the C.I.O. union announced that all Oil Workers locals had been notified of a nationwide strike to take effect if the Chicago meeting should fail. This would completely tie up the industry's 250,000 workers, the union said.

Arguments between union and employers boil down to whether the oil workers shall receive 52 hours' pay in the future for 40 hours' work. That can be accomplished by a 30% pay increase. The union told the conference it would work for no less a raise than that. It also served notice that when sufficient workers on military furloughs return it will ask for a 36-hour week, at the same pay.

• **Some Unions Accept**—The companies have been uniform in their offer of a 15% increase in base pay and a reduction of the work-week from 48 to 40 hours. A number of A.F.L. and independent oil unions have accepted the



Hardy furniture made of paper will make more jobs.



Soft paper sheets for hospitals will take workers to produce.



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Long-lasting rugs, woven on paper. Still more jobs!

Postwar Jobs—Wrapped Up in Paper!

WITH VICTORY, servicemen and war workers alike are going to need a lot of paper. How many there will be, no one can say. But this much is known:

Business management is already laying plans to meet as quickly as possible the demand for goods that will exist when the war ends—and doing this will create jobs by the thousands.

Take the paper industry. Not only paperboard, for packing and shipping postwar products, be needed by thousands of tons, but new uses for paper—grown out of war discoveries—will increase that demand many times.

Imagine plasticized paper, for example, so tough that roofing tiles can be made of it. Imagine it so sturdy that it can be built into light-weight furniture. Imagine paper so soft, yet so resistant to tearing, that sheets and pillowcases for hospital use can be made of it.

These, and many other exciting new uses, will increase the demand for paper—and demand for goods makes jobs.

The paper industry is only one of many along the Chesapeake and Ohio, the Nickel Plate, and the Pere Marquette, that are planning now for postwar employment.

After the war, there will be lots of opportunities. So, if you are on a war job, stay on it until Uncle Sam says it's finished. Victory must come first.

*A Report on the Prospects
for Postwar Employment
In The Industries Served by*

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September 11, 1945

THE Board of Directors on September 10th, 1945 declared a quarterly dividend of 37½¢ per share on the outstanding Common Stock of the Company, payable on the 29th day of September, 1945 to stockholders of record at the close of business on the 21st day of September, 1945. Checks will be mailed.

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company offer—notably unions under contract with Standard Oil of New Jersey.

Standard of Indiana was standing pat on its 15% raise offer, but members of the independent Standard Oil Employees Assn. at the large Whiting (Ind.) refinery are expected to demand the full 30% sought by the C.I.O. No strike is threatened there since by contract the dispute will go to arbitration, with company and union bound to abide by the decision. However, C.I.O. closing of a pipeline to Whiting is expected to halt Standard's operations there.

In rejecting company 15% raise offers, O. A. Knight, president of the C.I.O. Oil Workers, described the offered raise as an actual 15% pay cut for workers since weekly paychecks would be that much below present levels. Knight quoted 1944 net profits after taxes amounting to \$550,000,000 for 14 of the industry's major companies, seeking to support the union position that wages can be maintained despite a time—and production—cut.

• **What Management Says**—Companies had a uniform answer: Daniel T. Pierce, assistant to the president of the Sinclair Refining Co., gave it when he said that the union seeks to "coerce" the industry into signing a blank wage check on an uncertain future. Strikes were protested as a breach of contract and a violation of federal labor dispute laws since Connally-Smith strike notices were not filed, no 30-day "cooling off" period was set for negotiations, and no National Labor Relations Board strike vote was taken.

Companies also argue that the demand for petroleum products slumped 20% with the end of the war, and that oil workers already have received raises amounting to 20% since 1941. The 15% raise offered, the companies contend, would lift wages 38% above pre-war averages.

• **Distribution Worry**—Officials in Washington found a new worry in the strike. The machinery for prorating oil products is already being dismantled since Directive 59 of the Petroleum Administration for War—by which products for the East were distributed equitably among consumers—expires Sept. 30. If the strike lasts, officials fear the directive might be needed again.

GOODRICH FOREMEN BACK

Production was resumed this week at B. F. Goodrich Co. tire plants in Akron when 1,000 supervisory employees, members of the Foreman's Assn. of America (unaffiliated), returned to work, yielding to mounting pressure from 15,000 C.I.O. rubber workers made idle by the 22-day strike of supervisory employees.

The F.A.A. struck for recognition and settlement of accumulated grievances (BW—Sep. 8'45, p98), but all issues remained unsettled.

Recognition, Goodrich announced, will be given F.A.A. only after National Labor Relations Board certification of the union as sole bargaining agent for all floor and shift foremen. So far, the NLRB has not acted on an

LEADS RUBBER WORKERS

When L. S. Buckmaster (right) took over the presidency of C.I.O. Rubber Workers as successor to Sherman Dalrymple (BW—Sep. 22'45, p112), he called immediately for a "sane, sensible, and peaceful" approach to re-conversion labor relations through a labor-management conference of the rubber industry on wages, hours, and other union demands. So far, Secretary of Labor Lewis Schwellenbach hasn't acted on U.R.W.'s proposal, which would put bargaining on an industry-wide basis. Meanwhile, Buckmaster, who faces opposition when he bids for a full term at the union's convention now set for Dec. 10 at Chicago, is seeking a policy to which all warring factions of the United Rubber Workers can subscribe. Hence, all union demands will be



pressed, but with the full realization that these demands call for negotiations, cannot be effected overnight.

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IT'S a fact, not a theory, that your income—no matter how you earn it—is geared to the farmer's income. If he's prosperous, so are you. Your fortune depends on his.

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Above: Strapped pallet loads handle easier in and out of cars.

Left: Pallet loads of wire economically braced with Acme Unit-Load Strapping.



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A pallet, like a skid, is a platform built to support a number of containers or products which, when strapped together, form a unit load.

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F.A.A. petition for a collective bargaining election at Goodrich.

The company said it would reinstate striking foremen as "individual members of management," without any prejudice for membership in the F.A.A. or participation in the strike.

Siege Lines Hold

Both sides in white-collar strike dig in for war of nerves. C.I.O. union to ask back pay for "furloughed" members.

The strike of Westinghouse Electric Corp. white-collar workers (BW-Sept. 22'45, p102) simmered down to a battle of nerves and statements this week. Neither company nor Federation of Westinghouse Independent Salaried Unions (unaffiliated) showed any inclination to make the first move toward a settlement.

• **Another Issue Looms**—Meanwhile, trouble was building up for Westinghouse in the ranks of its hourly paid workers, represented by the C.I.O. electrical workers. With 27,153 of its members laid off due to the white-collar strike, the electrical workers union was out of patience with both company and federation.

Westinghouse was notified that the C.I.O. union considers its members victims of a lockout, and intends to press for collection of back pay for all workers "furloughed" while the salaried workers picket company plants. The strike was characterized as a move—on a flimsy incentive pay pretext—by a company-dominated union.

• **Intimidation Charged**—In part, the C.I.O. union's chagrin over the federation strike stemmed from the fact that it was preparing to ask Westinghouse for a \$2-a-day pay boost when the salaried workers went out, and that other demands—including a 72¢ minimum wage rate—already were set for hearing before the National War Labor Board. According to C.I.O., the federation strike gave Westinghouse an excuse for shutdowns "for the purpose of intimidating our [C.I.O.] members in their insistence upon a general wage increase" and other pending demands.

The independent union's members were invited to sign up with a "bonafide" union and to share the \$2-a-day raises being sought by the C.I.O. Apparently, however, there were few takers. At most, the C.I.O. asserted that it had signed up 300 of the federation's claimed 6,500 members; the federation estimated 150 defections to "a vicious form of strike breaking."

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THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

SEPTEMBER 29, 1945



Don't write off the United Nations organization as a failure because the Council of Foreign Ministers, at its first assembly in London, failed to reach agreement on a single major issue.

Though the momentary outlook for long-term peace planning is dark because of the apparent impasse between the Russian and the U. S.-British groups, you can be sure that formal sessions will be resumed after the Foreign Ministers have returned home for fresh instructions.

Meanwhile, skeleton technical staffs will remain in London to negotiate on minor issues.

Because the Russians openly accuse the U. S. of blindly following British policy in the Mediterranean and eastern Europe without possessing first-hand information about the area, **it will stir little surprise if Washington demands that several more delegations of experts investigate conditions in the trouble zones before the next session of the council.**

Secretary James F. Byrnes' initial move—to send John Foster Dulles to the Balkans as his personal investigator—indicates that he is unwilling to force a showdown on peace plans for this area solely on the present British interpretation of conditions.

Actually, both the U. S. and British delegations have been embarrassed by the mass of detailed and up-to-the-minute facts with which the Russians have backed every request.

Moscow started to prepare for these conferences more than two years ago when 40 or more experts from the Soviet Foreign Office visited Algiers, and later Cairo, to amass material on both historical and current political and economic issues.

On the other hand, experienced negotiators are aware that **many of the Russian demands are being made solely as a basis for some shrewd horse trading on later issues.**

Moscow, for instance, will bargain on the issue of a base in North Africa. But when the question of internationalizing the Dardanelles arises, the Russians can be expected to be adamant in demanding it.

And Soviet current claims to a base in the Red Sea probably will give way under British pressure, but this is not expected in the case of Moscow's demands for a preferred position in Iran.

Businessmen's reports from Czechoslovakia belie gloomy diplomatic forecasts of a Soviet freezeout of all foreign business in eastern Europe.

While key heavy industries, mines, and public utilities have been nationalized, small and medium-sized industries are left to private owners.

And some of the first foreigners allowed in Prague are European and U. S. executives exploring the possibility of private investment either in small new industries or in the government's new plants where they seek technical aid contracts.

First reports from Prague indicate that Czechoslovakia is probably the most prosperous country in eastern Europe and the most ready to resume active trade relations with the U. S.

Despite gloomy rumors, the U. S.-British financial talks in Washington are almost certain to be successful.

Both the Earl of Halifax and Lord Keynes have spent the first three weeks

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
SEPT. 29, 1945

attempting to "sell" the U. S. negotiators the idea that Britain is "broke," and must be treated as generously as possible.

London's supporting propaganda, however, has been feeble.

The sudden announcement by the Ministry of War Transport, for instance, that British ships from the Pacific would be rerouted to avoid paying Panama Canal tolls doesn't hold water. British liners on the Australia-New Zealand run regularly sailed via Suez until the war made the Mediterranean route impossible.

Point shrewdly noted by Washington is that first reports from Malaya indicate that only temporary shortages of labor prevent record shipments of crude rubber, always one of Britain's biggest sources of dollar exchange.

London's recent report on current exports adds to Washington's confidence that the British are better able to meet financial obligations than recently represented.

Britain's rayon and chemical exports for the first six months of this year are already higher in value than in 1938 (page 15). Rayon exports, in fact, are even running 40% ahead of 1938 in volume.

Typical of the seriousness of the present export drive is the report that South African orders for buses and heavy trucks already top 1,000, for light trucks 4,000, and for passenger cars 800 this year and 8,000 next.

And to speed Empire business, the British press claims that one 10,000-ton Dutch liner has already been withdrawn from the international shipping pool and loaded with civilian supplies for delivery to Australia.

Indicative of the sterling bloc pressures being exerted behind the scenes is the revelation that Portugal, traditional non-Empire member of the bloc, has ordered two motor ships in Britain, despite the fact Sweden quoted a lower price.

And, though continental shipbuilding costs are 25% lower than the British, four 27,000-29,000-ton liners are now on order in British yards.

Also, the Lancashire **textile industry** is unperturbed by reports that purchases of U. S. cotton will be curbed to save dollar exchange.

Anticipating such a move, the industry has laid in enormous stocks and is already negotiating with four Latin-American growers—including Brazil and Peru—for fresh low-cost supplies when needed. London has sizable sterling balances in almost all Latin-American countries.

Sole immediate supply worry has turned up in the British **tobacco industry** where, despite large stocks of raw tobacco, suppliers would not long be able to meet current enormous demand if fresh deliveries from U. S. were stopped.

Since tobacco taxes provide nearly £400,000,000 of national revenue annually, London is not expected to include tobacco in any general restriction of dollar imports.

Successful conclusion this week of the U. S.-British oil negotiations cannot yet be taken as a sign that all intraindustry conflicts have been ironed out.

The new international oil council is essentially advisory, not regulatory.

Though U. S. interests have ostensibly won an improved working arrangement in the rich but rivalry-ridden Middle East zone, the real test of the plan will come when competition for jointly held markets resumes and when Russia must be dealt into the international pool.

BUSINESS ABROAD

U. S. Loan Policy Emerging

Government-guaranteed private financing for small foreign nations is first step in Administration's efforts to solve problem of Allied need for U. S. dollars to rebuild crippled world economy.

The world is camping on Washington's doorstep seeking the means with which to rebuild a shattered economy.

From day to day the magnitude of the world's need mounts, as one after another of the liberated or victor nations assesses its war losses and plans its postwar programs. The path from drawing board to banker leads through Washington, the only capital to which needy nations can turn for financial and material aid.

May Boost Loan Capacity—The aggregate foreign demand for dollars is astronomical. There have been reports that Washington plans to expand its lending capacity to \$24,000,000,000.

To name only the largest applications, the British are said to be seeking a grant or a loan of between \$3,000,000,000 and \$6,000,000,000; the Soviet Union has mentioned a \$6,000,000,000 loan; and the Chinese may require a sum of similar size.

Closer to home, Latin-American countries are in line for Export-Import Bank loans—\$20,000,000 for Ecuador in a deal involving the Galapagos islands, and \$33,000,000 for Chile (BW—Sep. 12'45,p116).

Loans Guaranteed—Last week, in lending \$20,000,000 to Denmark and \$50,000,000 to Norway, the United States introduced a novel pattern in foreign-loan financing.

Eight private banks wrote the Danish loan, which is guaranteed by the Export-Import Bank of Washington. The Norwegian credit was similarly guaranteed.

It is probable that the loan of \$100,000,000 to the Netherlands government (BW—Feb.17'45,p113) will be rewritten for a larger sum with an Export-Import Bank guarantee.

Realistic Policy Sought—With old friends and new standing hat in hand in Washington, the Administration is making a hasty appraisal of its financing facilities, its debtors, its world responsibilities, and its cash accounts. It is seeking adaptable and adequate facilities, as well as a realistic policy, with which to tackle the gigantic job of helping to revive the world economy. It will seek to skirt some of the more obvious pitfalls by taking lessons from the past.

An underlying premise in the establishment of lend-lease was that war debts should not survive the war to plague international economic relations and hinder the free exchange of goods. Early this year, therefore, some contracts were rewritten to make them convertible to cash-and-carry with the end of the war. This was true in the case of France, Belgium, and the Netherlands (BW—Sep.1'45,p113).

Facilities Inadequate—But with the war's end, these countries, among others, found themselves without the cash to pay for goods on order. The only recourse was an Export-Import Bank loan. Britain, Russia, and China—without special lend-lease arrangements to continue receiving supplies for cash, and also without the cash—have needs so im-

mense that the expanded facilities of the bank cannot meet them.

Regular Export-Import Bank customers—many of them with good records of repayment (page 114)—must be taken care of.

Banks Have a Stake—Private banks have an interest in foreign lending which cannot be ignored by government. The Danish and Norwegian loans are an indication of the new Washington approach to foreign lending.

In guaranteeing the Danish loan, the Export-Import Bank earmarks the full \$20,000,000 in its authorized kitty of \$3,500,000,000. In addition, the Export-Import Bank receives 24% interest on the loan, while the agency banks which put up the money collect 14%—a relatively high fee, but which also covers the cost of arranging the loan.

Past Experience—In view of the inevitable expansion of American loans throughout the world, recent experience in Latin America is of interest, so far as it may influence future lending policy.

During the final years of the last century, and in the first three decades of this century—particularly following the last war—foreign bonds payable in dollars were floated on the U. S. market in a variety of forms and with varying results. With the depression, most of

Private Loans: Latin-American Dollar Bonds

After a lengthy record of default, hemisphere countries are now under pressure to settle their old obligations—to reestablish their credit so as to enable them to obtain private and large-scale government assistance for post-war expansion. Outstanding government or government-guaranteed dollar obligations (in millions of dollars) are:

Country	Bonds Outstanding		Bonds Receiving Full Service 12/31/44	Bonds in Default 12/31/44	
	12/31/34	12/31/44		Sinking Fund Only	Both Interest and Sinking Fund
Argentina	\$361.3	\$190.7	99%	.....	1%
Bolivia	59.4	60.6	.....	.....	100
Brazil	354.2	239.9	47	.....	53
Chile	264.6	157.0	.....	.....	100
Colombia	143.7	139.6	31	.....	69
Costa Rica	8.8	8.1	.....	.....	100
Cuba	91.9	100.8	84	16%	0
Dominican Republic	16.3	12.6	65	35	.....
Ecuador	12.3	12.3	.....	.....	100
El Salvador	12.6	9.2	.....	.....	100
Guatemala	2.2	1.0	100	.....	.....
Haiti	10.5	7.4	.....	100	.....
Mexico	65.3	273.1†	.....	.....	100
Panama	18.7	15.8	91	.....	9
Peru	91.3	85.7	.....	.....	100
Uruguay	63.4	50.5	96	.....	4
Total Latin America ...	\$1,576.5	\$1,364.3	37%	2%	61%

* Less than 0.5%.

† Between 1934 and 1944, the Mexican government (1) expropriated private railroads (1937), adding more than \$200,000,000 to its obligations; and (2) in 1942 offered a plan making certain obligations payable in pesos, thus removing them from the listings above.

Source: Foreign Bondholders Protective Council, Inc.

Government Loans: The Export-Import Bank

With the war's end, applications for American loans are flooding Washington. The enviable record of Export-Import Bank credits to Latin America through June 15, 1945 (in millions of dollars), has been as follows:

Country	Credits Authorized	Canceled and Expired	Credits Used		Balancing Outstanding	Credits Still Unused
			Disbursements	Repayments		
Argentina	\$93.5	\$93.1	\$0.4	\$0.4	.....	.....
Bolivia	17.7	*	2.1	2.1	.....	\$15.5
Brazil	199.0	74.9	94.3	39.2	\$55.1	29.7
Chile	42.4	6.7	22.5	8.6	13.8	13.3
Colombia	46.7	0.8	22.4	12.0	10.4	23.5
Costa Rica	8.7	1.4	7.2	0.3	6.9	0.1
Cuba	90.4	26.9	45.7	43.0	2.7	17.8
Dominican Republic ..	3.3	*	3.3	0.6	2.7	.....
Ecuador	15.8	0.1	5.4	0.5	4.9	10.3
El Salvador	1.7	.....	0.9	*	0.9	0.8
Haiti	13.4	2.6	10.3	1.8	8.5	0.5
Honduras	2.7	.....	0.9	.....	0.9	1.8
Jamaica .....	*	*	.....	.....	.....	.....
Mexico	66.7	1.4	12.0	5.0	7.0	\$3.3
Nicaragua	5.2	0.6	4.4	1.5	2.9	0.3
Panama	4.5	2.0	2.5	2.5	.....	.....
Paraguay	7.8	1.6	5.3	0.5	4.8	0.9
Peru	37.0	12.0	.....	.....	.....	25.0
Puerto Rico	0.5	.....	0.5	*	0.4	.....
Uruguay	43.6	11.5	7.0	*	7.0	25.0
Venezuela	42.0	4.8	5.1	2.1	3.1	32.0
Virgin Islands	0.3	.....	.....	.....	.....	0.3
Total	\$742.8	\$240.5	\$252.3	\$120.2	\$132.1	\$250.0

* Less than \$50,000.

Source: Export-Import Bank of Washington.

those bonds which were not already in default ceased to bring any return to their American owners.

• **Mingled Emotions**—The efforts to recoup losses, under the auspices of the Foreign Bondholders Protective Council, a government-encouraged agency, have been remarkable, but only partially successful (table, page 113).

Whatever faults may have attached to the methods of floating and financing these loans, the holders of dollar bonds view the increasing activities of Washington in lending new money to the governments who stand behind the bonds with mingled emotions. Many wish that the earlier obligations might be honored before new loans are arranged; others defend the principle that the new loans may increase the ability of these governments to honor their earlier debts, indirectly, by increasing financial stability.

On the other hand, recent government loans to Latin America through the Export-Import Bank have been of a special type. In most instances, they follow study of each nation's needs and appraisal of the projects for which the money is to be spent. In addition, the bulk of the money is to be expended in the U. S. for equipment or technical assistance.

• **For Old Debts or Goods?**—During the war, most Latin-American countries

have vastly increased their dollar holdings—the accumulated sum of gold and foreign exchange is around \$4,000,000,000 (BW—Apr. 8'44, p113)—and it is possible that much of this wealth may be directed toward raising the credit standing of debtor nations.

Thus, it is reasoned, part of the accumulated funds might go to pay off or refund dollar obligations, while part of the remainder would be spent for direct purchases in the U. S., and another share devoted to matching loans from abroad. In this way, by increasing the country's credit rating, the total of funds available might be double the actual accumulated cash.

The amount required to service outstanding dollar bonds—less than \$100,000,000 a year—is small compared with the wartime favorable dollar balance of Latin-American countries. But in the mid-thirties the over-all favorable dollar income of the 20 Latin-American republics was in the neighborhood of only \$25,000,000 a year.

• **What the Record Shows**—Argentina, despite its anomalous political status today, has a good record of servicing its dollar obligations—surpassed only by faultless Guatemala—even though the Argentine is usually at a disadvantage in trade with the U. S.

Brazil, on the other hand, has traditionally earned a dollar surplus in its

trade with America, and is still not a model debtor despite the 1942 readjustment of its loans.

Mexico, seriously delinquent, has a history of recurring unfavorable trade balances as well.

• **Imports Studied**—Americans who know that sales of U. S. goods and payments on U. S. loans depend upon U. S. purchases abroad to supply the dollars are studying means of increasing imports from defaulted areas. Certainly current U. S. loans are designed to increase foreign ability to repay, and are contingent upon guarantees that the obligations will be met. And the recent government-guaranteed private loans are aimed at increasing the soundness of investment abroad.

National policy on methods of meeting the world's need for dollars is still in process of development, but so far as Latin America is concerned, the experience of the Export-Import Bank of Washington sets an admirable pattern.

Market Waiting

American companies seek plants in England to produce goods for pent-up demand, but there are many obstacles.

LONDON—Last week's report that the National Cash Register Co. has reached an agreement with the British Board of Trade to establish a large manufacturing plant at Dundee, Scotland (BW—Sep. 15'45, p115), has been the touch-off for widespread speculation over the problem of American participation in British industry in the immediate future.

Local representatives of U. S. companies with large prewar markets in Britain have been anxiously awaiting the clarification of British import policy expected as a result of the Keynes mission to Washington (BW—Sep. 15'45, p117) for any light it may throw on the question.

• **Question of Dollars**—At present there is a tremendous pent-up demand in Britain for American-made consumer goods of almost every variety. But dollars are allocated only for essential supplies, and there is no prospect of any change in this respect so long as the dollar shortage lasts. However, import licenses will probably be granted under almost any circumstances for the £40,000,000 (\$160,000,000) of equipment needed from the U. S. in carrying out the half-million dollar modernization program of the British iron and steel industry (BW—Jul. 28'45, p113).

Given a solution of the British finan-



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cial problem, American exporters could expect a large market for many lines of goods in Britain. The importation of office machines, for example, would probably be licensed very soon, since there is a real shortage of these, especially in private business.

But if the Washington negotiations fail to solve the dollar shortage and Britain continues its stringent import licensing system, American manufacturers who wish to share in the British market will be forced to extend the types of participation in British industry which were first actively stimulated by the General Tariff of 1932 and the Ottawa Agreements.

• **The Alternatives**—Broadly speaking, there are three methods by which this might be done: (1) building new plants here; (2) licensing the British manufacture of American products on a royalty basis; (3) buying into British industry.

Several hundred U. S. firms, realizing the danger of a serious dollar shortage, have investigated during the past year or two the possibility of establishing themselves in Britain. The majority have gone no further than preliminary investigation, but between 25 and 50 have made arrangements of some sort.

National Cash Register already has the site for a branch plant at Dundee, will use thousands of former jute mill workers, and rely on Scottish industry for its materials.

• **Several Obstacles**—In addition, there are reports that a well-known U. S. sewing machine manufacturer is negotiating with the Board of Trade to establish a British branch, and that U. S. canning interests are hoping to establish a large cannery on the northwest coast of England.

It is unlikely, however, that many U. S. firms will try immediately to build new plants. There are many obstacles, including the shortage of labor and building materials and also the government's policy of insisting that many new industries be located in "depressed areas." These conditions are not always acceptable to the applicants.

In South Wales, for example, the labor supply is composed largely of dock workers, miners, and steelworkers, and men with training of this sort do not normally provide a good working force for light industry.

• **"Buying In" Likely Plan**—Licensing the British manufacture of U. S. products or buying into some domestic company will probably be the methods most commonly used. The former has one disadvantage in that royalties from all agreements reached since early in the war are now frozen, but it is expected that it will soon be possible to transfer royalty payments across the Atlantic.

Although Britons will not take kindly

to American efforts to gain majority control of British companies, many Americans in London regard the policy of buying into British industry as the most advantageous of the three methods, and it may be the most widely used if U. S. goods cannot be imported into Britain with reasonable freedom.

CANADA

Wheat Glut Ends

Lightest yield since 1937 and heavy overseas demand will cut Canada's surplus stocks during next ten months.

OTTAWA—While a seven-year glut in Canadian wheat is now rapidly ending with the prospect that by the end of the current crop year (July 31, 1946) the bins will be fairly empty, the Canadian government has decided against making the present "seller's market" a justification for undue boosting of export prices.

Last week, Ottawa set \$1.55 as the price to external markets, as compared with much higher Chicago quotations for U. S. wheat.

• **Policy Defended**—Defending this step in the face of criticism in Parliament from wheat-raising areas that it was discrimination against wheat farmers, and that if Canada wanted to be generous to United Nations in need of wheat the whole country should share the cost, the Minister of Trade & Commerce, James MacKinnon, made several telling points:

(1) Since Canadian wheat sales in

Materials Freed

OTTAWA—Canadian manufacturers and distributors have been released from restrictions on purchases of steel, copper, aluminum, and other products from the United States, effective Sept. 30.

By that date, practically all orders of the Canadian Munitions & Supply Dept. controlling purchases from the U. S. will have been lifted, lightening the paper work that went with war controls. The only important regulation left in this field will be one providing assistance in the purchase of materials required for continuing war production and for output of emergency civilian goods.

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coming crop year will be financed through loans and even outright any attempt to get an open market for wheat would be partly illusory, it would be financed to a considerable extent by Canadian taxpayers.

A temporary high price for Canadian wheat might encourage European exports toward uneconomic self-sufficiency, whereas a reasonable price might help permanent markets.

Excessive prices would lead to the over-exploitation of marginal wheatlands in Canada that characterized the period 1916-1920.

Wheat Put Under Prices—More effective than these appeals to reason, however, was the guarantee by the Canadian government that for the next five years Canadian wheat will bring a minimum of a bushel (basis No. 1, Fort Wil-

son), in deliberately cutting the top of the wheat boom, the government is undertaking to fill in the next valley in prices. As a reward for accepting a ceiling the wheat farmer is being given a five-year "floor."

The five-year guarantee price was immediately assailed as being too low. Government spokesman, J. G. Garfield, Minister of Agriculture, replied it was a minimum, and that the government could, if circumstances warranted, raise the figure.

Light Crop Harvested—After seven years of heavy wheat carry-over, which recently as July 31, 1943, stood at 1,000,000 bu., the heavy overseas demand, coupled with the lightest per-yield since 1937 in the current harvest, appears likely to exhaust Canada's wheat stocks in the next ten months. The Dominion probably will go into the 1946-47 crop year with a small non-carry-over. Canada's carry-over as of July 31, 1945, was estimated at about 1,000,000 bu., while a small crop of about 321,000,000 bu. is in sight. This is a total supply 215,000,000 bu. shy of last year's figure, and should shipments abroad continue during the present crop year at a rate comparable to the previous months from Aug. 1, 1944, to July 31, 1945, the stocks on hand would be reduced by July 31 next year to a minimum of 40,000,000 bu. which is about the minimum for safe operations.

Foreign Demands Heavy—As against Canadian figures, the United States has harvested a record crop estimated at 1,152,270,000 bu.

Canada and the U. S., however, have only surplus wheat stocks of any consequence in the world, and foreign demands are bound to be heavy.

Wheat production looms very large in the Canadian economy, representing some years as much as 40% of total income.

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THE MARKETS (FINANCE SECTION—PAGE 52)

Since staging last week's buying spurt, which sent stocks kiting at the fastest pace recorded in New York Stock Exchange trading sessions since the V-J Day holidays to set new eight-year peaks in both the industrial and utility stock price averages, market participants have become a bit more circumspect in their operations.

• **Profit Taking**—This week, investors and traders, instead of being rampantly bullish, appeared to be paying more attention to the less favorable side of the current business picture. Especially examined was the labor news. Profit taking developed, sending prices of many issues in the former buoyant industrial list to lower levels.

Big Board trading volumes, however, have been contracting as the industrial stocks drifted lower. Many individual stocks, particularly among the nonferrous metal, department store, airline, and textile groups, have been moving higher this week against the over-all trend. Likewise fairly buoyant at times, despite the unfavorable "postwar" August earnings reports now beginning to appear, has been the railroad group, which had lagged behind the rest of the market.

• **Underlying Strength**—As a result of the market's performance, even the less optimistic Wall Streeter is willing to agree with his more bullish colleagues that the market has been giving an impressive demonstration of underlying strength in the face of the unfavorable labor developments and the restrictions on trading being exerted by the new rules governing floor trading by Big Board members, and the 75% margin requirements.

Moreover, because (1) workers normally strike only when employers are

prosperous and factory hands are in demand, and because (2) wage rises, which a scarcity of goods exists, have definite inflationary implications, many Wall Streeters are beginning to wonder from a short-range standpoint, price labor troubles shouldn't actually be considered a bullish, near-term factor. Whether or not this proves true, it is noticeable that more than a few Wall Street forecasters expect a further extension of the recent rise.

• **New Issues**—The new issues market this week performed very well. On Monday, underwriters purchased \$160,000,000 30-year American Tel. & Tel. 2½% debentures at 99.82% of par and sold them within 45 minutes at a price of 100½. On Wednesday, \$81,600,000 4½% Union Pacific mortgage bonds, purchased at 103½% of par, were sold to the public in jig time at a price of 104%.

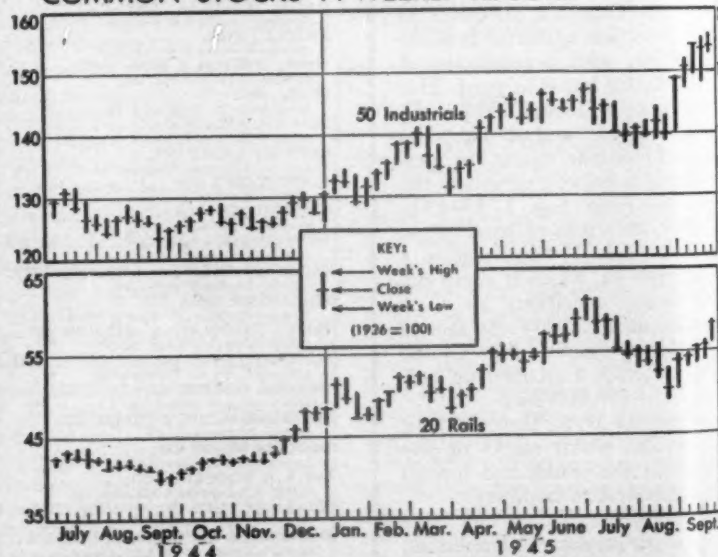
A big block of airline stock is also being offered. Aviation Corp. (BW-June '45, p. 32) is said to be considering the sale of its 22% (287,538-share) interest in American Airlines. If the deal goes through, a New York underwriting group is expected to offer the shares publicly.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	154.2	153.8	148.9	121.8
Railroad ...	58.3	55.7	53.9	41.1
Utility ...	73.6	72.2	70.2	56.1
Bonds				
Industrial ...	121.8	121.4	121.2	119.1
Railroad ...	114.6	114.5	114.1	107.1
Utility ...	115.7	115.7	115.5	116.1

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

THE TRADING POST

Working Southwest

is a contribution to its job of reporting the American regional outlook, Business Week passes on to its readers a thoughtful letter of appraisal from a correspondent in the Southwest.

* * *

Texas and the general Gulf Southwest are the reconversion rapids, but displaying more buoyancy than had been predicted by more pessimistic forecasters a few months

ago. The basic, peacetime industries (petroleum refining, cottonseed crushing and refining, flour milling, lumbering, cement processing, canning, and preserving) underwent processing alteration in converting to war needs, and reconversion consists primarily of returning to the civilian market. On the other hand, the war industries (ordnance, munitions, aircraft, shipbuilding, and lines of chemicals) were usually enmeshed in this region, and their products have a greatly reduced or no postwar market. On the whole, the coast cities with heavier industrial products will be less affected than inland places where the more general aircraft and ordnance industries have been located.

* * *

By mid-September, layoffs had been relatively heaviest at Dallas, Wichita Falls, Texarkana, Sherman, Amarillo, and Borger; and somewhat less at Fort Worth, Waco, Marfa, and Shreveport. Employment had been sustained at Houston, Galveston, Beaumont, Orange, and Corpus Christi, though moderate declines are in prospect with an anticipated drop in shipbuilding activity. The reconversion of the oil well supply and other heavy industries at Houston has been in sustaining employment. Several new industries at Waco have absorbed much of the labor released from the ordnance plant nearby McGregor. Dallas, which has had the largest release of war workers of any city in the Southwest, according to the War Relocation Commission, has had an easing of critical labor shortage of a few months but is still without a labor surplus. The coming in of new industrial and distribution enterprises has aided Dallas and most other cities. There are evidences of a renewal of the prewar decentralizing movement in the shape of many inquiries for floor space in various locations.

* * *

In view of the employment decline reported by WMC, the labor situation remains expectedly tight throughout this area. This is partly due to the large number of women employed in ordnance and aircraft who have returned to their homes and partly due to the reshift of farm workers, though this has been less than had been anticipated, leaving a labor shortage at the peak of the

cotton-picking season. Undoubtedly, a large number of these who were recently well-paid war workers are on vacation.

Whether the employment situation will appreciably worsen in the next few months is difficult to predict. On the favorable side are the large accumulated orders of cotton mills and clothing factories, as well as of such lines as lumbering, building materials, petroleum refining.

Because of the large amount of military training that has been done in Texas, the folding up of the war camps is of peculiar significance. Among the places affected—or to be affected in the near future—are Abilene, Brownwood, Mineral Wells, Bastrop (near Austin), Temple, Belton, Gainesville, Paris, and Tyler. In addition, twenty-odd smaller places in central and west Texas have felt the loss of airfields of varying sizes. War-boomed San Antonio, principal permanent military center of the Southwest, probably will not suffer the loss of its wartime expansion until the end of war activities.

* * *

Petroleum production has been cut back a little and further declines are expected. There will be a minor problem of refinery reconversion from heavy high-octane production, but the rapid increase of gasoline and fuel oil consumption by civilians is expected to maintain the industry at above prewar levels. Accumulated orders for drilling equipment indicate an increase of wildcatting activity as soon as labor is available, though many oil men insist that there will be no great increase in exploration until there is an increase in the price of crude.

Both residential and commercial building have picked up during the last month, and there is prospect of much public construction, but still a dearth of materials.

Retail sales in both large and small cities have declined slightly as measured by last year's volume at this time. There has been a noticeable increase in credit sales which may reflect a diminution of war workers' savings.

* * *

The Texas cotton crop (Sept. 1 report) of 2,100,000 bales is the shortest since 1895. The Oklahoma crop of 450,000 bales and the Louisiana crop of 460,000 bales (Sept. 1 estimates) are 183,000 bales and 115,000 bales, respectively, below their ten-year averages. Reduced acreages and unfavorable weather conditions are the causes. The Texas rice, wheat, and grain sorghum crops are also below expectations. Rice was seriously damaged by the hurricane of Aug. 26-27, and drought in the western and northwestern parts of the state has cut down wheat, cotton, and grain sorghum production. Crop conditions are especially bad in the lower portion of the High Plains. August rains were beneficial to most other parts of the state, however, improving crops and ranges. Except in the drought area, range conditions are above average.



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THE TREND

A DANGEROUS TYPE OF TINKERING

A check by our correspondents in all sections of the country indicates that there is nothing unique in the situation in New York state where the Commerce Commissioner reports that 200,000 jobs are going begging while 175,000 people are collecting unemployment compensation.

The reports from our correspondents, however, do not support the easily drawn inference that those administering the unemployment insurance laws are doing a slipshod job. These reports, which we solicited because of rumors to that effect, indicate that they are doing about as well as could be expected with an increasingly difficult task and that, by and large, the jobs available can reasonably be held not to be suitable for those who are receiving unemployment compensation.

• It is a standard provision of state unemployment insurance legislation that an unemployed worker is to be denied compensation if he refuses to take an available job without good cause. The rub comes in determining what is good cause. As do the laws of all the states, the New York statute spells this out in considerable detail by providing that an unemployed worker is not to be denied compensation if he refuses a job which involves interference with his membership or lack of it in a labor organization, getting mixed up in an industrial dispute, going "an unreasonable distance from his residence," or accepting wages or compensation or hours or conditions which are "substantially less favorable to the claimant than those prevailing for similar work in the locality, or are such as tend to depress wages or working conditions."

• It is always a tough task to determine, in close cases, whether or not an unemployed worker has refused an available job without good cause, and thus forfeited his right to unemployment insurance. Currently the difficulties of administering unemployment insurance laws are magnified both by a greatly increased volume of business and by complications due to a realignment of wartime wage arrangements. These include reductions in hours of labor with an attendant reduction in overtime pay, reductions in rates of pay, and a reversal of the process of upgrading which, without change in rates of pay, gave many workers a wartime wage increase by moving them into a job with a higher pay classification. This latter development has more importance than is commonly attached to it.

Some years before the war the adage that you can't make a silk purse from a sow's ear was disproved in the field of material fabrication. During the war something of the same sort was tried in the labor field. To give them more pay and thus hold on to them in a tight labor market, workers were frequently given pay classifications

above those justified by their abilities. An extreme example of this type of upgrading, which was one of the principal ways by which the wartime wage stabilization program was circumvented, showed up in Alaska where waitresses were classified and paid as journeyman carpenters while cooks were classified and compensated as bulldozer operators. There were countless less spectacular cases.

• Workers who were the beneficiaries of such monkey business can hardly be expected to recognize, or at least to agree, that the sow's ear-silk purse trick was brought off in their case. Thus when they are offered a job of a lower grade than they have had, they are naturally inclined to feel that it can be refused with good cause; and the inclination is, of course, enhanced by less attractive rates of pay and opportunities for overtime. This inclination is reflected in the reports from a number of our correspondents that displaced war workers are "choosy" in looking for new jobs.

As a matter of morality there is no objection to the being "choosy." As a matter of national economic well-being, however, an excessive choosiness may jeopardize the all-important business of carrying out reconversion at high speed. This is a danger which federal tinkering with state unemployment insurance may aggravate.

A major part of the tinkering approved by the United States Senate takes the form of federal aid to the states which would make it possible for all of them to extend their unemployment payments over a period of twenty-six weeks if they so desire. Such an arrangement might add relatively little to the present resistances to shifting rapidly from a war job to other employment. It seems likely to slow up the employment-shifting machinery than would the adoption of President Truman's proposal to have the federal government underwrite an unemployment compensation payment of \$25 per week for qualified workers. With tax exemption taken into account, this rate of unemployment compensation would be higher than the rate of wages paid to a considerable portion of the nation's workers.

• In any event, the crucial test of these proposals is not the worthiness of the motives behind them, but whether or not adoption of them would throw a monkey wrench into the machinery for shifting workers to new jobs. At present our unemployment compensation machinery, though hard pressed, seems to be under control. It is possible to create a degree of choosiness which will not only place an insupportable administrative burden upon it, but also raise havoc with reconversion in the process. There seems to be an increasing awareness of this possibility in Washington.

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